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**SPECIAL CONSUMER NOTICE
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NOTICE

On 1 June 1987 FBIS will begin publication of reorganized and renamed DAILY REPORTS. The following list details the changes being made in the eight volumes.

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| I. CHINA DAILY REPORT | Contents unchanged |
| II. EASTERN EUROPE DAILY REPORT | Contents unchanged |
| III. SOVIET UNION DAILY REPORT | Contents unchanged |
| IV. EAST ASIA DAILY REPORT | Renamed; formerly ASIA & PACIFIC DAILY REPORT; contents unchanged |
| V. NEAR EAST & SOUTH ASIA DAILY REPORT | Renamed; formerly MIDDLE EAST & AFRICA DAILY REPORT; contents include: <ul style="list-style-type: none">Middle East & South Asia ReviewInter-Arab AffairsIslamic AffairsPalestinian AffairsOPEC AffairsSouth Asian Regional AffairsArab Africa<ul style="list-style-type: none">AlgeriaChadEgyptLibyaMauritaniaMoroccoSudanTunisiaWestern SaharaArabian Peninsula<ul style="list-style-type: none">BahrainKuwaitOmanPDRYQatarSaudi ArabiaUnited Arab EmiratesYemen Arab RepublicIraqIsraelJordanLebanonSyriaSouth Asia<ul style="list-style-type: none">AfghanistanBangladeshIndiaIranMaldivesNepal & BhutanPakistanSri Lanka |
| VI. LATIN AMERICA DAILY REPORT | Contents unchanged |

(continued on back of report)

DAILY REPORT

China

Vol I No 076

21 April 1987

PRC INTERNATIONAL AFFAIRS

GENERAL

Commentary Notes U.S.-USSR Ministers' Meeting [RENMIN RIBAO 18 Apr]	A 1
Commentary Views U.S.-USSR Missile Negotiations [RENMIN RIBAO 18 Apr]	A 2
Roundup: USSR Proposal Hard for NATO To Accept	A 4
Zhao Ziyang Greets Group of 77 Meeting Opening	A 5

UNITED STATES

Reagan Predicts Euromissile Treaty 'This Year'	B 1
PLA Air Force Commander Arrives in San Francisco	B 2

SOVIET UNION

USSR's Shevardnadze Holds Talks With Qian Qichen	C 1
Talks End; Communique Issued	C 1
Qian Qichen Leaves Moscow	C 2
Progress Made at Talks [KYODO]	C 2
Further Reportage [cross-reference]	C 2

NORTHEAST ASIA

'Text' of CPC Birthday Greeting to Kim Il-song	D 1
--	-----

SOUTHEAST ASIA & PACIFIC

Wu Xueqian Leaves Beijing for Thailand Visit	E 1
Arrives in Thailand	E 1
Talks With Foreign Minister	E 1
Further Reportage [cross-reference]	E 2
Burmese Trade Delegation Returns Home 17 Apr	E 2

WESTERN EUROPE

Portugal's Silva Continues Visit. Meets Governor	G 1
Greeted by Zhao	G 1
Entertained by Shanghai Mayor	G 1
Zhang Aiping Meets Italian Defense Chief of Staff	G 2
Tian Jiyun Meets Helsinki Mayor in Beijing	G 2
Chen Muhua Meets Visiting FRG Businessman	G 2

EASTERN EUROPE

Czech Leaders Comment on Upcoming Visit to PRC	H 1
Official Visit Announced	H 1
Leader Interviewed on Visit	H 1
Chen Muhua Meets SFRY Federation Council Member	H 2
Zhang Jingfu Receives Hungarian Economists	H 2

PRC NATIONAL AFFAIRS

LIAOWANG Discusses PRC's Stage of Socialism [6 Apr]	K 1
Increasing Role for Workers' Congresses Seen	K 2
Statistics Bureau Reports Economic Growth	K 2
State Council Urges Administrative Expense Cut	K 4
RENMIN RIBAO Urges Opening Up More Tax Sources [18 Apr]	K 7
CITIC Reviews Development Over Past 7 Years	K 8
Maintaining Production Reserve Fund Advocated [RENMIN RIBAO 13 Apr]	K 9
Paper Urges Deepening Reform in Rural Areas [GUANGMING RIBAO 4 Apr]	K 11
Bumper Crop Predicted for Summer Grain Crops [CHINA DAILY 18 Apr]	K 15
Vice Minister Explains 'Bumper Harvest Plan' [NONGMIN RIBAO 6 Apr]	K 16
JIEFANGJUN BAO Commends Thrift, Hard Work [6 Apr]	K 18
JIEFANGJUN BAO Urges Doing Two Major Things Well [12 Apr]	K 20
JIEFANGJUN BAO Lauds Revolutionary Traditions [10 Apr]	K 22
Report Released on PLA Navy Modernization	K 23
CHINA DAILY Commentator Views Population Problem [18 Apr]	K 24

PRC REGIONAL AFFAIRS

EAST REGION

Wang Yuzhao Addresses Family Planning Meeting [ANHUI RIBAO 9 Mar]	O 1
Grain Prices Remain Stable Despite Shortages	O 1
Jiangsu Secretary Meets Democratic Party Officials	O 2
Qian Zhonghan Attends CPPCC Session in Nanjing	O 2
Gu Xiulian Attends Jiangsu Conference on Tourism	O 3
Jiangxi Circular Warns of Public Fund Waste	O 3
Shandong Holds CPPCC Standing Committee Meeting	O 4
Meeting Ends	O 4
Rui Xingwen Urges Greater Lateral Ties	O 5

CENTRAL-SOUTH REGION

Jiangmen Financial Market Seen as 'Brisk'	P 1
Guangxi Cadres Convey Spirit of NPC Session	P 1
Hubei Stresses Organizing Study of 'Two Books'	P 2

SOUTHWEST REGION

Sichuan Reports Continued Economic Progress	Q 1
Xizang Studies, Holds Forum on Wan Li Speech	Q 1
Banqen Lama's Press Conference on Xizang Fund	Q 2

NORTH REGION

Hebei Secretary at Discipline Inspection Meeting [HEBEI RIBAO 6 Apr]	R 1
Hebei People's Congress Session Opens 19 Apr	R 2
Shanxi Meeting Discusses External Propaganda Work	R 3
Tianjin CPPCC Committee Session Opens 20 Apr	R 3
New Sino-Foreign Joint Ventures Set Up	R 4

NORTHEAST REGION

Harbin City Seeks Advice From Intellectuals	S 1
Quan Shuren Attends Party Rectification Rally	S 1
Liaoning Seminar Examines Agricultural Reserve [LIAONING RIBAO 6 Apr]	S 2
Liaoning Province Sets Up Joint Ventures Abroad	S 4

PRC MEDIA ON TAIWAN AFFAIRS

Taiwan Compatriots To Discuss PRC Investment Wishes Stated	U 1
	U 1

TAIWAN

Chu Fu-sung on Attending International Meeting	V 1
Macao, Hong Kong Solutions 'Pressure' Taiwan [ZHONGGUO TONGXUN SHE]	V 1
'Signals for More Communication' With PRC Appear [Hong Kong HONGKONG STANDARD 20 Apr]	V 2

COMMENTARY NOTES U.S.-USSR MINISTERS' MEETING

HK180848 Beijing RENMIN RIBAO in Chinese 18 Apr 87 p 6

[Commentary by Cang Lide (0221 4539 1795): "The Complex U.S.-Soviet Foreign Ministerial Meeting"]

[Text] U.S. Secretary of State Shultz visited the Soviet Union from 13 to 15 April. Both the United States and the Soviet Union have attached great importance to the visit. The international community also closely followed it and held that this is a visit with "special significance" at an important moment in the relations between the two countries.

During the 3-day visit, Shultz and Soviet Foreign Minister Shevardnadze had talks that lasted as long as a dozen hours or so. Soviet leader Gorbachev, and Ryzhkov, chairman of the USSR Council of Ministers, met with Shultz on separate occasions and had long and "frank" conversations. The topic that occupied a dominant position in all these talks was the question concerning U.S.-Soviet arms control, and the effort to reach an agreement on medium-range missiles in particular.

The question of the medium-range missiles is one of the focuses of Soviet-U.S. relations. After the Soviet Union put forward on 28 February this year a solution on the medium-range missiles separate from the "package" plan, the U.S.-Soviet arms control talks in Geneva took a favorable turn in a certain aspect. However, because of new differences between the two sides in questions such as the relations between medium-range missiles and medium-short range missiles, their inspection, and ways of destroying the medium-range missiles, progress in reaching an agreement on this issue between the two sides is again in a complex and delicate state. In order to promote an agreement on the middle-range missiles, Gorbachev announced in Czechoslovakia on the eve of Shultz' visit to the Soviet Union a new proposal for solving the problem of medium-short range missiles. In meeting with Shultz, he again expressed the readiness to write down in an agreement on medium-range missiles in Europe that the Soviet Union will "undertake the duty of eliminating its medium-short range missiles within a relatively short and clearly stipulated time." The Soviet move attracted much attention from the Western press and the latter held that this will help remove the chief obstacles to reaching a compromise between the United States and the Soviet Union on the question of the medium-range missiles in Europe. The United States also expressed its "interest" in this. Viewed from information disclosed by the meetings, both the U.S. and Soviet sides have been quite optimistic about the progress of the medium-range issue, but at the same time, they have also expressed that there are problems that remain unsolved and that much work has to be done and arduous efforts have to be made before an agreement can be reached.

The problems that remain unsolved are: First, the United States continues to stress that both sides should completely destroy the medium-range missiles, but the Soviet Union favors that each side should keep 100 warheads of the medium-range missiles. Second, the Soviet Union wants to add on the agreement "strict inspection provisions," that is, both sides can carry out inspection at any site, including sites where missiles are removed and destroyed, military bases set up in a third country, and sites for the storage and manufacturing of missiles owned by individuals or states. On the one hand, the United States wants to have reliable inspections, but on the other, it fears that the extensive inspection proposal put forward by the Soviet Union will be harmful. Third, the United States has to coordinate its stand on the new Soviet proposal with its allies in Western Europe.

To hold a second U.S.-Soviet official summit is also an issue with which both sides are concerned. In meeting with Gorbachev, Shultz gave him a letter from Reagan. In the letter, Reagan officially invited Gorbachev to visit the United States this year and to hold a summit meeting. On the one hand, Gorbachev said that he cannot go to the United States "without good reasons," but on the other hand, he expressed his willingness to meet Reagan to work out some "crucial provisions" on arms control and reach a treaty on medium-range missiles. However, the press held that Gorbachev's attitude is actually to urge the United States to make a decision on the medium-range missile as soon as possible. If the U.S.-Soviet summit meeting can be held this year, this can only be considered a fruitful result.

As for other U.S.-Soviet arms control issues, such as reducing the number of strategic nuclear weapons, and the Strategic Defense Initiative, each side continued to sing its own tune. Although Shultz and the Soviet side reiterated the notion of halving the number of strategic nuclear weapons, the differences between the two sides remained as before on the issues of space weapons and the observance of the anti-ballistic missile treaty. The Soviet Union even accused the United States of having taken a step backward in this respect. Gorbachev stressed to Shultz that if the United States clings obstinately to its course and deploys the Strategic Defense Initiative, the Soviet Union and the United States will be unable to reach any agreement on offensive strategic weapons. As for the conflicts in Afghanistan, Cambodia, and Central America, and the "human rights" issue, there was no change in the positions of the two sides. The two sides expressed hope for cooperation in bilateral economic and trade ties, but no fresh progress was made.

Shultz made his trip to Moscow at a key moment in U.S.-Soviet relations. Since the Iceland summit last October, there have been ups and downs and great instability in their relationship. On the one hand, both of them want to ease the tension, pursue dialogue, and seek a breakthrough on certain issues; on the other hand, quarrels keep breaking out between them, with mutual accusations flying around. Despite this, the foreign ministers of the two countries went ahead with their talks on schedule. In short, U.S.-Soviet relations are developing amid the turbulence and setbacks. It appears that this situation will persist in the future.

COMMENTARY VIEWS U.S.-USSR MISSILE NEGOTIATIONS

HK180758 Beijing RENMIN RIBAO in Chinese 18 Apr 87 p 6

[Commentary by correspondent Zhang Yunwen (1728 0336 2429): "U.S.-Soviet Talks on Medium-Range Missiles Enter the Key Stage"]

[Text] Washington, 16 Apr -- Secretary of State Shultz announced at a press conference on 15 April, after meeting the Soviet foreign minister and Gorbachev, that the United States and the Soviet Union have made very great progress on the medium-range missile issue, and they are very close to reaching an agreement on eliminating such missiles in Europe.

The White House has responded positively to this progress. Chief of Staff Baker expressed optimism over the prospects, holding that a "historic opportunity" for reaching agreement had appeared. Arms control experts believe that although difficult negotiations still lie ahead, the possibility of a breakthrough on the medium-range missile issue has greatly increased, because both sides need one.

Shultz' visit to Moscow took place after Gorbachev proposed on 28 February decoupling the talks on medium-range missiles from the talks on space weapons and a turning point had appeared in the U.S.-Soviet arms control talks. Before last October's meeting in Iceland, the two sides had held many talks on the medium-range missile question without making any headway. During the Iceland meeting, the two sides actually reached an identity of views on the question, but there was a deadlock because of the space weapons issue, with the Soviet Union demanding that the medium-range missile question be linked to the space weapons question. As a result, no specific agreement was reached. Gorbachev's February proposals sped up the pace in the medium-range missile talks. However, new differences arose in the draft agreements submitted by the two sides, the main ones being over how to carry out strict verification of the destruction of medium-range missiles, and how to deal with the problem of short-range (or medium-short-range) missiles with a range of 500 to 1,000 km. The United States demanded that a clause on short-range missiles be included in the agreement on medium-range missiles; the United States held that since the Soviet Union had absolute superiority in short-range missiles, the United States should demand the retention of power equal to that of the Soviet Union, and even said that it would modify the Pershing-II medium-range missiles into Pershing-IB short-range missiles. The Soviet Union opposed this position, stating that short range missiles should be discussed after agreement was reached on medium-range missiles. Later, Gorbachev stated in a speech in Prague on 10 April that talks could be held immediately on cutting and eventually destroying short-range missiles, and that such missiles would be removed from the GDR and Czechoslovakia immediately after reaching agreement on medium-range missiles. During his talk with Shultz, Gorbachev went further by stating that the Soviet Union could eliminate all of its short-range missiles in Europe, and that this should be written into the agreement. This kicked the ball into the court of the United States and its allies.

The key to the medium-range missile question at present is the attitude of the countries of Western Europe. Ever since the U.S.-Soviet summit in Iceland, these countries have been worried that the talks on eliminating medium-range missiles in Europe would eventually lead to the "denuclearization" of Western Europe, hence, they have been between the devil and the deep blue sea. The "zero option" was first raised by the NATO countries themselves, and if they opposed it, these countries would give people the impression that they were obstructing a disarmament agreement; yet if they agreed to the elimination of all medium and short-range missiles in Europe, then Western Europe would be at a disadvantage in conventional arms and troop strength; hence, they demanded that the Soviet Union greatly reduce its conventional forces, or else that a certain number of nuclear weapons be retained in Western Europe.

At present, although the two sides will continue to bargain over an agreement on medium-range missiles, according to White House Chief of Staff Baker, the interests of the United States and the Soviet Union have already "converged," and the prospects for reaching agreement are better than at any time previously. As far as the West is concerned, the Soviet Union will dismantle about 1,300 medium-range missile warheads, while the United States only needs to dismantle some 300 warheads. The long-standing worries of the Western countries over the SS-20 medium-range missile will be eliminated. Reaching a disarmament agreement with the Soviet Union will also demonstrate that the Reagan administration still has a leadership capability following the Iran incident. Also upcoming will be a Gorbachev visit to the United States, which will help the Republican Party in the 1988 presidential elections. As far as the Soviet Union is concerned, eliminating the threat of the fast and highly accurate Pershing-II's and thus paving the way for talks on other weapons will assist the Soviet Union's domestic economic reform and will strengthen its status on the international political stage. Hence, as far as both sides are concerned, there is a feeling of urgency for reaching a disarmament agreement. [paragraph continues]

It is precisely because of this that during the Moscow talks, the two sides were unwilling to allow the embassy spying incidents, which caused a big noise for a time, to affect the talks on medium-range missiles.

However, hard-to-predict setbacks are often cropping up in U.S.-Soviet disarmament negotiations. Due to their relationship of both confrontation and dialogue, plus factors related to America's allies and its hard-liners at home, the possibility of new problems arising unexpectedly in the medium-range missile talks cannot be completely excluded.

ROUNDUP: USSR PROPOSAL HARD FOR NATO TO ACCEPT

OW171611 Beijing XINHUA in English 1554 GMT 17 Apr 87

["Roundup: Gorbachev's Offer, a Bitter Pill for NATO Allies To Swallow -- (by Xiong Changyi)" -- XINHUA headline]

[Text] Beijing, April 17 (XINHUA) -- While openly expressing welcome to Moscow's offer to eliminate short-range nuclear missiles in Europe, Washington's NATO allies fear that a deal in this area would affect NATO's nuclear deterrence and flexible response strategy.

The offer was made by Soviet leader Mikhail Gorbachev during U.S. Secretary of State George Shultz's three-day visit in Moscow in a bid to give an impetus to the Euromissile negotiations between the two superpowers.

Following his meeting in Brussels yesterday to brief allied foreign ministers on his Moscow mission, Shultz told reporters that the Soviet offer was "broadly along the line of what the alliance has long sought," and "we have a hard decision to make, but it is the kind of decision we have been wanting to make."

However, allied ministers were cautious over Gorbachev's offer to eliminate Soviet short-range missiles within a year as part of an INF [intermediate nuclear forces] deal.

British Foreign Secretary Sir Geoffrey Howe, after his meeting with Shultz, told reporters yesterday, "If Mr. Gorbachev is now ready to abandon this Soviet claim to monopoly, that will of course be very welcome."

But, he indicated, "What has to be done now, and has been set in train urgently by today's meeting, is an overall assessment of the implementations of Gorbachev's proposal, and our response."

NATO says there is no U.S. equivalent to the Soviet short-range missiles mentioned by Gorbachev. But the alliance has a German-made weapon with a U.S. warhead called a Pershing 1A which is roughly equivalent.

Pressed by reporters, Howe said imbalance in Moscow's favor in other categories of weapons, such as very short-range weapons, dual-capable aircraft, sea and air-launched missiles, provided an "insight" into why the alliance had to think carefully about the Soviet short-range missile offer.

He stressed, "The harsh facts of life -- geography and Soviet advantages in conventional and chemical forces -- make nuclear deterrence and flexible response indispensable for the foreseeable future to the security of the West and of Western Europe in particular."

Federal German Foreign Minister Hans Dietrich Genscher also told reporters in Brussels yesterday that the Soviet offer on short-range missiles would have to be studied very closely because of its enormous impact on the security situation in central Europe.

He stressed it was essential to continue and push ahead with talks on reducing conventional forces and banning chemical weapons but added, "I am not creating a link but we must follow up these talks."

Why the West cautious about the Soviet offer on short-range missiles? [sentence as received]

Helmut Sonnefeldt, a former U.S. National Security Council member now with the Brookings Institute, said, "The Europeans for some time have been uneasy about the possibility of breaking up the nuclear element of their deterrent force because they feel quite vulnerable to the Soviet conventional force."

"The more there is a tendency toward denuclearization, the more they seem to have concern about decoupling (the European nuclear force)," he added.

Kim Holmes, deputy director for defense policy studies with the Heritage Foundation, also shares the same view, saying Shultz's talk in Moscow "clearly present some problems for NATO, which has traditionally relied on battlefield nuclear weapons to offset Soviet battlefield superiority."

"The Soviets are aware of this," he added.

As some Western analysts well put it, although negotiations towards an INF treaty in Europe marked a "significant step," the Soviet new proposals would nonetheless represent a bitter pill for NATO allies to swallow.

ZHAO ZIYANG GREET'S GROUP OF 77 MEETING OPENING

OW191402 Beijing XINHUA in English 1341 GMT 19 Apr 87

[Text] Beijing, April 19 (XINHUA) -- Chinese Premier Zhao Ziyang today sent a message to the Group of 77 -- a negotiating group of developing countries within the United Nations -- congratulating the opening of its sixth ministerial meeting, which starts Monday in Havana.

Zhao said that China believes the current meeting "will play a significant role in promoting the realization of the developing countries' strategies for economic progress and their collective self-reliance" when "developing countries are facing serious economic difficulties."

He pledged that China, as a developing country, will "further strengthen its cooperation with the Group of 77 in international affairs and make efforts to safeguard the common interests of all developing countries."

The group was set up in 1964, when 77 developing countries and territories formed a loose-knit association. Since then it has been enlarged to more than 125 countries.

REAGAN PREDICTS EUROMISSILE TREATY 'THIS YEAR'

OW180819 Beijing XINHUA in English 0809 GMT 18 Apr 87

["News Analysis: U.S. Sounds More Optimistic About Soviet Arms Proposals (by Shi Lujia)" -- XINHUA headline]

[Text] Washington, April 17 (XINHUA) -- The United States seems to be singing a more favorable tune about Soviet leader Mikhail Gorbachev's latest offer to eliminate short-range missiles in Eastern Europe, although it is still short of a formal endorsement of the Soviet position.

After meeting with NATO foreign ministers in Brussels, Secretary of State George Shultz told a news conference yesterday that his talks in Moscow had "created a great opportunity for the alliance" to ease tensions between the East and West.

Without mentioning Gorbachev's proposals, Shultz said, "We have the basic elements in place for a good agreement on eliminating medium-range missiles in Europe."

With such an agreement, he said, "We can bring this whole pattern of Soviet deployment we've objected to back under control, and from our point of view, that's good."

These statements appear to be more optimistic than those he had made at a press conference in Moscow where he stressed "hard negotiations ahead" although "a lot of progress" had been achieved.

Observers here noted that Shultz, as a team player within the Reagan administration, is unlikely to have sounded so approving about the prospect and nature of an INF [intermediate nuclear forces] agreement without encouragement from President Ronald Reagan.

In fact, Reagan himself, after hearing a detailed report from Shultz on his Moscow trip and the subsequent consultations with NATO allies, spoke hopefully of a U.S.-Soviet arms control accord by the end of the year.

"It's my hope that the process now under way continues to move forward and that Mr. Gorbachev and I can complete a historic agreement on East-West relations at a summit meeting," the President said.

He even predicted that he and Gorbachev can meet later this year to sign a treaty on Euromissiles.

Asked whether he was trying to sell Gorbachev's proposal to the NATO allies, Reagan said that was what he and Secretary Shultz were working on.

Apparently bearing in mind the West Europeans' concerns about "decoupling" of American and European defenses as a result of the withdrawal of U.S. nuclear missiles, Reagan said, "I think the assurance (to NATO allies) comes from the fact that we have troops there. We behave like an ally. We have the same security concerns."

Previously, the United States, while eager to have an INF agreement, insisted that it reserve the right to match the Soviet deployment of short-range weapons in Europe after its Pershing 2 and cruise missiles are withdrawn.

1. 21 Apr 87

B 2

PRC INTERNATIONAL AFFAIRS
UNITED STATES

That demand largely aims to ally the NATO allies' concerns that without the American nuclear umbrella, Western Europe would be vulnerable to the superior Soviet conventional forces.

Now that Gorbachev has offered to eliminate all Soviet short-range weapons, it seems to be even more difficult politically for West European governments to permit U.S. deployment of new missiles on their territory.

In the case, analysts say, the United States probably sees no point in further pressing the Soviets for the right to build up the American short-range arsenal to the Soviet level, now estimated at 130 missiles.

The United States has its political need to reach an arms agreement as soon as possible and get it ratified in the remaining time of Reagan's presidency.

However, after hearing Shultz' briefing in Brussels, some NATO countries have misgivings about the idea of zero settlement of short-range missiles in Europe, worrying that it might be a step toward the "denuclearization" of Europe.

Meanwhile, within the U.S. Government itself, there are critics who say that the issue, if not properly handled, could be a source of contention between the United States and its NATO allies.

Reagan said he personally will consult with NATO allies and U.S. congressional leaders next week on further negotiations before offering "new ideas" to the Soviet Union.

Reports from Brussels said some Europeans fear the Reagan will now press them to accept an agreement based on the latest Soviet offer in the hope of bolstering his administration with a major arms control accord at a summit meeting later this year.

PLA AIR FORCE COMMANDER ARRIVES IN SAN FRANCISCO

OW170627 Beijing XINHUA Domestic Service in Chinese 0707 GMT 16 Apr 87

[Text] Washington, 15 Apr (XINHUA) -- According to a dispatch from San Francisco, a 13-member delegation of the Chinese Air Force, headed by PIA Air Force Commander Wang Hai, arrived in San Francisco today to begin its 15-day visit.

Among others meeting Wang Hai and his delegation at the San Francisco International Airport were Brigadier General Jon Reynolds, U.S. air attache to China, and Yu Zenghe, air attache of the Chinese Embassy in the United States.

Chinese Air Force Commander Wang Hai arrived in the United States for a friendly visit at the invitation of the U.S Air Force Chief of Staff General Larry Welch.

USSR'S SHEVARDNADZE HOLDS TALK WITH QIAN QICHEN

OW201320 Beijing XINHUA Domestic Service in Chinese 1210 GMT 20 Apr 87

[Text] Moscow, 20 Apr (XINHUA) -- Soviet Foreign Minister Shevardnadze met here today with Qian Qichen, special envoy of the Chinese Government and China's deputy minister of foreign affairs, who has come here to participate in the 10th round of Sino-Soviet consultations. Both sides exchanged views on bilateral relations and some international issues.

Talking about the Cambodian issue, Qian Qichen emphatically pointed out: A nation's internal affairs and military interference from a foreign country are two totally different issues. As compared with the issue of a nation's internal affairs, the issue of intrusion by a foreign country is a much bigger issue, and its nature is far more serious.

Shevardnadze said: The candid discussion of issues of mutual concern during the Sino-Soviet consultation is useful. There are many issues in dispute, and it is hard to settle them overnight. However, to conduct discussion is always something good.

Also present on the occasion were Rogachev, special envoy of the Soviet Government and Soviet deputy foreign minister, and Chinese Ambassador to the Soviet Union Li Zewang.

Talks End; Communique Issued

OW201908 Beijing XINHUA in English 1902 GMT 20 Apr 87

["Tenth Round of Sino-Soviet Consultations Ends in Moscow" -- XINHUA headline]

[Text] Moscow, April 20 (XINHUA) -- China and the Soviet Union discussed bilateral relations and regional conflicts during their tenth round of consultations which ended here today.

A press communique published at the end of the consultations said the two sides discussed "in depth" and "in a serious and frank atmosphere" the issue of normalizing relations between the two countries, regional conflicts and some issues of mutual interest.

The communique said both sides exchanged views on the present status of bilateral ties in politics, economy, science, technology, culture and other fields.

The two sides reaffirmed their desire to further improve and develop relations between the two countries, the communique said.

The two sides believed that the consultations and dialogue are useful and agreed that the next round of the consultations will take place in Beijing in October this year, the communique said.

Chinese Vice Foreign Minister Qian Qichen, special envoy of the Chinese Government, and his Soviet counterpart Igor Rogachev took part in the tenth round of the consultations which began on April 14.

Qian is leaving Moscow for home tonight.

Qian Qichen Leaves Moscow

OW210020 Beijing XINHUA in English 0002 GMT 21 Apr 87

[Text] Moscow, April 20 (XINHUA) -- Chinese Vice Foreign Minister Qian Qichen, special envoy of the Chinese Government, left here today after attending the tenth round of Sino-Soviet consultations on normalizing relations between the two countries.

Qian was seen off at the airport by his Soviet counterpart Igor Rogachev, and Li Zewang, Chinese ambassador to the Soviet Union.

The tenth round of Sino-Soviet normalization consultations was held in Moscow from April 14 to 20.

The two sides discussed bilateral relations, regional conflicts and issues of mutual interest.

The two also voiced their desire to further improve relations between China and the Soviet Union.

The next round of consultations will be in Beijing in October this year.

Soviet foreign minister, Eduard Shevardnadze, met with Qian earlier today. They exchanged views on bilateral relations and international issues.

Progress Made at Talks

OW210859 Tokyo KYODO in English 0852 GMT 21 Apr 87

[Text] Beijing, April 21 KYODO -- Chinese Vice Foreign Minister Qian Qichen indicated Tuesday that progress was made in Sino-Soviet talks aimed at normalizing relations between China and the Soviet Union.

Qian told reporters at Beijing Airport that both sides had a deepened understanding of each other's position and it was significant, following his week-long 10th round of Sino-Soviet talks which ended in Moscow Monday.

Qian said both sides held concrete discussions on the Kampuchean issue, the largest obstacle to normalization of Sino-Soviet relations.

When asked whether Sino-Soviet relations have been normalized, Qian said that both sides continued to work toward improving relations.

Qian said profound bilateral talks were held in a serious and frank atmosphere on the issue of normalizing relations between the two nations.

He said the two countries agreed to hold the next round of talks on normalization of relations in October and another round of border issue talks in August, both in Beijing.

Further Reportage

For Soviet reportage on Vice Foreign Minister Qian Qichen's visit to Moscow for the 10th round of Soviet-Chinese political consultations, see the China section of the 17 April Soviet Union DAILY REPORT and subsequent issues.

I. 21 Apr 87

PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

D 1

'TEXT' OF CPC BIRTHDAY GREETING TO KIM IL-SONG

SK160332 Beijing International Service in Korean 1100 GMT 14 Apr 87

["Text" of congratulatory message sent by the CPC Central Committee to Kim Il-song, general secretary of the Workers Party of Korea [WPK] Central Committee and DPRK president, on his 75th birthday.]

[Text] Pyongyang,

Comrade Kim Il-song, general secretary of the WPK Central Committee and DPRK president:

On your 75th birthday, we, in the name of the CPC Central Committee and Chinese people, send the warmest fraternal congratulations and greetings to you.

You, the founder and leader of the glorious WPK and the tested great leader of the Korean people, in your revolutionary life of more than half a century, by waging a heroic struggle for a long period against the imperialist aggressors, by leading the Korean people, and by linking the universal truth of Marxism-Leninism with the specific practice of the Korean revolution, founded and have defended the DPRK, the country in which the working people have become the masters for the first time in the history of Korea.

Following the establishment of the republic, under the wise leadership of the WPK headed by you, the Korean people, through the arduous struggle of 40 years and through persistent construction, have made Korea a ceaselessly developing socialist country with a modern industry and developed agriculture.

By winning such shining achievements for the Korean revolution and its cause of construction, you have earned the deep respect and trust and sincere support of all the Korean people.

You have always cherished the traditional friendship with the CPC, PRC, and Chinese people and have given full support for the revolutionary struggle of the CPC and Chinese people and their cause of construction.

You and the WPK Central Committee headed by you have made sustained efforts and an immortal contribution to continuously strengthen and develop the great friendship and unity between the two parties, countries, and peoples of China and Korea. This the CPC and Chinese people will never forget.

On this meaningful occasion of celebrating your 75th birthday, we sincerely wish you good health and long life, and ceaseless new success in carrying out socialist construction by leading the Korean people and in the noble cause to achieve the independent and peaceful reunification of the fatherland.

We hope for everlasting and immortal friendship between the two parties and peoples of China and Korea.

[Signed] The CPC Central Committee

[Dated] 14 April 1987, Beijing

WU XUEQIAN LEAVES BEIJING FOR THAILAND VISIT

OW170938 Beijing XINHUA in English 0932 GMT 17 Apr 87

[Text] Beijing, April 17 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian left here today for Bangkok on a friendly visit to Thailand.

During his stay in Thailand, Wu will lead a delegation to attend the 43rd session of the United Nations Economic and Social Commission for Asia and the Pacific in commemoration of its 40th anniversary, scheduled to open April 21.

Arrives in Thailand

OW171545 Beijing XINHUA in English 1444 GMT 17 Apr 87

[Text] Bangkok, April 17 (XINHUA) -- Chinese State Councilor and Foreign Minister Wu Xueqian arrived here late this afternoon for a week-long visit.

Wu is scheduled to have talks with Thai Foreign Minister Sitthi Sawetsila at the Thai Foreign Ministry shortly after his arrival.

Sitthi told reporters before Wu's arrival that he would discuss the Kampuchean problem, the recent invasion of Thai territory by Vietnamese troops in Kampuchea and other issues.

Sitthi said Wu would brief him on the recent talks between Chinese and Soviet officials on Sino-Soviet relations and regional issues.

They will also discuss bilateral trade relations, Sitthi added.

During his stay in Thailand, Wu will meet Prime Minister Prem Tinsulanon and attend the 43rd session of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

Talks With Foreign Minister

OW171832 Beijing XINHUA in English 1817 GMT 17 Apr 87

[Text] Bangkok, April 17 (XINHUA) -- Thai Foreign Minister Sitthi Sawetsila and visiting Chinese State Councilor and Foreign Minister Wu Xueqian today called for further support for the struggle of the Kampuchean people and the Coalition Government of Democratic Kampuchea to force Vietnam to withdraw its troops from that country.

The two foreign ministers in their talks here discussed bilateral relations and issues of mutual concern, particularly the Kampuchean problem.

According to Chinese sources, Sitthi described as reasonable the eight-point proposal put forth by the Coalition Government of Democratic Kampuchea in March 1986. He said that Hanoi should accept the proposal as an appropriate approach for the solution of the Kampuchean problem.

The eight-point proposal calls for a two-phased withdrawal of Vietnamese troops from Kampuchea and the formation of a four-party coalition government including the Heng Samrin faction.

The Vietnamese invasion of Kampuchea is a gross violation of international norms and Thailand will never accept as a fait accompli the Vietnamese armed aggression against Kampuchea, Sitthi added.

Wu pointed out that to solve the Kampuchean problem, Vietnam must withdraw its troops from Kampuchea and let the Kampuchean people exercise their right of self-determination so that Kampuchea can become a peaceful, independent, neutral and non-aligned country.

The two foreign ministers expressed their satisfaction over the smooth development of the Sino-Thai relations of friendship and cooperation in various fields.

Sitthi gave a banquet in Wu's honor after the talks.

Wu and his party arrived here this afternoon for a week-long visit.

Further Reportage

For Thai media coverage of the visit of PRC Foreign Minister Wu Xueqian to Thailand, see the Thailand section of the 20 April Asia & Pacific DAILY REPORT and subsequent issues.

BURMESE TRADE DELEGATION RETURNS HOME 17 APR

OW172033 Beijing XINHUA in English 1551 GMT 17 Apr 87

[Text] Rangoon, April 17 (XINHUA) -- The Burmese trade delegation headed by Trade Minister U Khin Maung Gyi returned here this evening from its two-week visit to China.

During the visit, a contract was signed for China to buy 150,000 tons of rice from Burma in 1987.

Meanwhile, U Khin Maung Gyi had discussions with Chinese Foreign Economic Relations and Trade Minister Zheng Tuobin on further development of bilateral economic and trade relations.

The delegation was also received by Chinese Vice-Premier Wan Li.

The nine-member Burmese trade delegation arrived in Beijing on April 4.

PORTUGAL'S SILVA CONTINUES VISIT, MEETS GOVERNOR

OW161748 Beijing XINHUA in English 1510 GMT 16 Apr 87

[Text] Beijing, April 16 (XINHUA) -- The visiting Portuguese Prime Minister Anibal Cavaco Silva and his party ended their visit in Shanghai and arrived in Guangzhou this afternoon.

The prime minister was accompanied by Zheng Taobin, Chinese minister of foreign economic relations and trade.

During his stay in Shanghai Silva visited the Baoshan steel complex - China's most up-to-date steel enterprise - and the Fudan University. The guests were also honored at the banquet hosted by Shanghai Mayor Jiang Zemin.

When in Guangzhou the guests visited the 1987 Guangzhou spring fair and was honored at a banquet given by Ye Xuanping, governor of Guangdong Province.

Silva and his party also toured China's ancient city Xian before going to Shanghai.

Greeted by Zhao

OW171228 Beijing XINHUA in English 1214 GMT 17 Apr 87

[Text] Zhuhai, April 17 (XINHUA) -- Portuguese Prime Minister Anibal Cavaco Silva and his wife wound up their week-long official goodwill visit to China and left here for Macao today.

Silva arrived at this special economic zone in Guangdong from Guangzhou this morning. Upon Silva's departure from Guangzhou, Chinese Premier Zhao Ziyang made a telephone message to say good-bye to him.

Zhao said Silva has made important contribution to the settlement of the Macao question.

He also described Silva's visit to China as "historic" and "very successful," adding that it will help promote the existing friendly relations between the two countries and two peoples.

Silva said it was his great honor to have taken part in settling the Macao question and he was very satisfied with the results of his visit.

Silva and his party also visited Foshan City today.

Entertained by Shanghai Mayor

OW181225 Shanghai City Service in Mandarin 0000 GMT 17 Apr 87

[Text] Shanghai Mayor Jiang Zemin hosted a luncheon at the Xijiao Guesthouse at noon yesterday in honor of Portuguese Prime Minister Cavaco Silva, Madame Silva, and their party. The host and his guests gave a toast to mark the official signing of the Joint Declaration of the Chinese and Portuguese Governments on the Question of Macao.

Making his toast, Mayor Jiang Zemin said: Since the establishment of Sino-Portuguese diplomatic relations in 1979, the two countries' friendly relations have never ceased to develop. The official signing of the Joint Declaration of the Chinese and Portuguese Governments on the Question of Macao has opened a new vista for Sino-Portuguese friendship and cooperation.

He added: Prime Minister Silva's visit to Shanghai will continue to promote the friendship and cooperation between Shanghai and Portugal.

In his toast, Prime Minister Silva said: During my talks with Chinese leaders in Beijing, we shared identical views on many international issues. I am convinced that my visit will further promote and expand Portuguese-Chinese friendly relations and cooperation.

Yesterday morning Prime Minister Silva and his party visited the Baoshan Iron and Steel Complex in the company of Zheng Tuobin, head of the Chinese Government reception group and minister of foreign economic relations and trade; Zhou Nan, vice minister of foreign affairs, and Liu Zhenyuan, vice mayor of Shanghai. Madame Silve visited Fudan University.

Prime Minister Silva and other Portuguese guests left Shanghai for Guangzhou yesterday afternoon to continue their tour in China.

ZHANG AIPING MEETS ITALIAN DEFENSE CHIEF OF STAFF

OW141344 Beijing XINHUA in English 1159 GMT 14 Apr 87

[Text] Beijing, April 14 (XINHUA) -- Chinese State Councillor and Minister of National Defense Zhang Aiping met the visiting Lieut. Gen. Riccardo Bisognero, defense chief of staff of Italy, at the University of National Defense here today.

After the meeting, Bisognero made a speech to the university's students entitled "The Importance of the Mediterranean in the Global Strategy and the Role of Italy in This Region".

TIAN JIYUN MEETS HELSINKI MAYOR IN BEIJING

OW141428 Beijing XINHUA in English 1412 GMT 14 Apr 87

[Text] Beijing, April 14 (XINHUA) -- Chinese Vice-Premier Tian Jiyun met Raimo Ilaskivi, mayor of Helsinki, Finland, his wife and their party here today.

The Finnish visitors are here as guests of the Beijing municipal people's government.

CHEN MUHUA MEETS VISITING FRG BUSINESSMAN

OW140950 Beijing XINHUA in English 0820 GMT 14 Apr 87

[Text] Beijing, April 14 (XINHUA) -- Chinese State Councillor Chen Muhua met here this afternoon with H.K. Jannott, chairman of the board of directors of the Munich Reinsurance Economy of the Federal Republic of Germany.

Jannott is here to talk with officials of the People's Insurance Company of China on world reinsurance market and explore ways of expanding cooperations between the two countries.

CZECH LEADERS COMMENT ON UPCOMING VISIT TO PRC

OW150052 Beijing XINHUA Domestic Service in Chinese 0528 GMT 14 Apr 87

[By reporter Zhang Baoliang]

[Text] Brno, 13 Apr (XINHUA) -- Milos Jakes, member of the Presidium and of the Secretariat of the Czechoslovak Communist Party Central Committee said here today that cooperation between Czechoslovakia and China had made a good start and that the forthcoming visit to China by Premier Strougal would help further develop cooperative relations between the two countries.

The above remarks were made to Zhang Dake, China's ambassador to Czechoslovakia, and Gao Zhikun, head of the Chinese pavilion, after Jakes visited the 18th Brno International Fair of Consumer Goods.

Jakes took a close look at the Chinese products and asked many interesting questions. After completing the visit, he said that the products displayed at the Chinese pavilion showed the great achievements of China.

Josef Kempny, member of the Presidium of the Czechoslovak Communist Party Central Committee and chairman of the House of the People, also visited the Chinese pavilion this morning. He told the Chinese comrades at the fair that the visit of Premier Strougal would mark the beginning of a new stage in relations between the two countries. Currently, we are also considering the problem of a visit to China by Gustav Husak, secretary general of the Czechoslovak Communist Party Central Committee and president of Czechoslovakia.

Deputy Premier Rudolf Rohlicek, Ladislav Gerle, and Miroslav Toman also visited the Chinese pavilion separately.

Official Visit Announced

OW200108 Beijing XINHUA in English 0043 GMT 20 Apr 87

[Text] Beijing, April 20 (XINHUA) -- At the invitation of Chinese Premier Zhao Ziyang, Premier Lubomir Strougal of the government of the Czechoslovak Socialist Republic will pay an official goodwill visit to China from April 24 to 29.

This was announced by a Chinese Foreign Ministry spokesman here this morning.

Leader Interviewed on Visit

OW210134 Beijing XINHUA in English 0125 GMT 21 Apr 87

[Text] Prague, April 20 (XINHUA) -- Czechoslovak Premier Lubomir Strougal today said "his upcoming visit to China and meeting with top Chinese leaders will help improve relations between the two countries."

In an interview with XINHUA before his Friday visit to China, Strougal praised the friendship between China and Czechoslovakia, saying Czechoslovakia welcomes the improvement of relations with China and hopes cooperation between them will reach a new level.

Strougal said the Czechoslovak people believe Chinese Premier Zhao Ziyang's visit to Czechoslovakia and Czechoslovak President Gustav Husak's visit to China will be an impetus to promote relations between the two parties and countries.

He said that we have always believed in our relations with the Asian countries, "the relations between Czechoslovakia and China is one of the most important."

"A short time of misunderstanding between the two countries in their relations has gone forever," he said.

Strougal also briefed XINHUA on the achievements the Czechoslovak people have made in socialist construction, adding that Czechoslovakia has been listed in world statistics as a country with considerably high living standards.

Dissatisfied with past achievements, he said, the 17th party congress, in March 1986 issued a strategy to accelerate social and economic development.

On Czechoslovakia's role in world peace, the prime minister said the Czechoslovak Government insists on the policy of solving all disputes through political resolutions, as well as the policy of peaceful co-existence between countries with different social systems.

Czechoslovakia signed several documents for disarmament, world peace and cooperation, such as the U.N. Charter and the Helsinki final pact, he added.

Strougal said the Czechoslovak people welcome the Soviet proposal to eradicate nuclear weapons by the end of the century, and fully support Soviet leader Mikhail Gorbachev's proposal to eliminate medium-range and short-range missiles.

CHEN MUHUA MEETS SFRY FEDERATION COUNCIL MEMBER

OW131304 Beijing XINHUA in English 1212 GMT 13 Apr 87

[Text] Beijing, April 13 (XINHUA) -- Chinese State Councillor Chen Muhua met Kiro Gligorov, member of the Council of Federation of Yugoslavia, and his wife here today.

Gligorov has held high positions in Yugoslav Government and is one of the chief designers of Yugoslavia's economic reform. He is invited by China's State Commission for Restructuring [the] Economic System to share his experience of economic reform.

ZHANG JINGFU RECEIVES HUNGARIAN ECONOMISTS

OW170954 Beijing XINHUA in English 0948 GMT 17 Apr 87

[Text] Beijing, April 17 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here today a Hungarian economists delegation headed by Istvan Hagelmayer, president of the Finance Research Institute under the Ministry of Finance. They exchanged views on issues of economic structural reforms.

Since its arrival here March 31, the delegation has visited Shenzhen, Xiamen, Shanghai and Beijing and held a number of talks with China's departments concerned on the detailed issues of reform.

LIAOWANG DISCUSSES PRC'S STAGE OF SOCIALISM

HK171145 Beijing LIAOWANG in Chinese No 14, 6 Apr 87 p 1

[Article by Jiang Wen (3068 7186): "Deepen the Understanding of the Primary Stage of Socialism"]

[Text] Lately, Comrade Zhao Ziyang has time and again stressed that we must clearly understand: "China is now in the early stage of socialism."

"Our socialist system is still in its early stage of development." This was first stated in the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" adopted by the 6th Plenary Session of the 11th CPC Central Committee in 1981. Later on, it was affirmed by the 12th National Congress of the CPC and was reaffirmed at the 6th Plenary Session of the 12th CPC Central Committee.

Through long exploration and after comparing experiences, both positive and negative, and paying a very high price, the Chinese Communists have drawn the aforementioned scientific inference and affirmed it more clearly.

The correct judgment formed on what phase of development our socialist system is in demonstrates that our party has a deeper understanding of the actual conditions in our country. The inference that "China is now in the early phase of socialism" embraces two aspects: One is that China has undoubtedly established a socialist system and entered the state of socialist society; the other is that our socialist system is still far from being perfect and has many vestiges of the old society. In this way, we have made scientific abstraction of the actual conditions in our country from the nature of our society (socialism) and from the level of its development (early stage).

It is in no way accidental that the question regarding the primary stage of socialism has aroused people's deeper and deeper interest. This is because approaching the problem in depth is related to the enrichment and development conditions, to the theoretical basis for our party's practical activities in the new historical period, and to whether we can march triumphantly along the correct course we have embarked on and build socialism with distinctive Chinese characteristics.

Marx and Engels held that communism consists of both the advanced and primary stage (it is the socialist stage). Lenin further pointed out that socialism certainly develops into communism by stages. When leading the new democratic revolution and socialist transformation in our country, Comrade Mao Zedong paid special attention to studying the problem that socialist society covers a historical period of considerable length and theoretically expounded the basis and significance of dividing the period into different phases. When the socialist system had just been set up in our country, he pointed out that the system was not consolidated and well established. However, due to restricted historical conditions, authors of Marxist-Leninist classics did not explain theoretically the long historical process of socialism, how to divide socialism into different phases and how to understand its primary phase. Today when making a thorough study of the primary phase of socialism by taking Marxism as our guide to action, proceeding from the actual conditions in our country and taking the experience of other socialist countries as reference, no doubt we will further enrich and develop the theory of scientific socialism.

Making sure that our country is now in the primary phase of socialism is the foothold of all our work, the objective basis for formulating the line, principles, and policies of our party and the foundation for comprehensively and correctly understanding the line, principles, and policies of our party. To sum up, the line laid down since the 3d Plenary Session of the 11th CPC Central Committee entails proceeding from the country's actual situation to build socialism with distinctive Chinese characteristics. The line is fashioned on two cornerstones: Persisting in the four cardinal principles on the one hand; and sticking to the policy of carrying out reform, opening up to the outside world, and invigorating the domestic economy on the other. These two cornerstones are interrelated, and neither can do without the other. Why should we persist in the two aspects, and not just one? Why should we take the two aspects as an indivisible whole and why should we not take them as two things which are not interrelated? To answer the questions, we must understand fully the basic conditions in our country: That is, China is now in the primary phase of socialism. To uphold the four cardinal principles is to build a socialist society under the leadership of the CPC, under the guidance of Marxism-Leninism-Mao Zedong Thought and under the protection of the people's democratic dictatorship. The socialist road is the only way to follow. This has been proved by the modern history of China. However, ours is a big nation handicapped by relatively backward economy and culture and its socialist system is still in its early stage of development and is far from being perfect. For this reason, we must stick to the policy of carrying out reform, opening up to the outside world, and invigorating the domestic economy. To deny the four cardinal principles is to pull the rug from under the reform, the opening up policy and the effort to activate the domestic economy. And without reform, opening up to the outside world, and a thriving domestic economy, it would be possible to rapidly boost the social productive forces and build socialism with salient Chinese features. If we fail to understand that our socialism is still in its early stage of development, if now we attempt with difficulty to do what would be easy to do in the next stage, if we deny the objective fact that our country has entered the state of a socialist society and its historical necessity, and if we attempt to draw back our society, then we go against the actual situation in China and we do not understand that "our country is now in the early stage of socialism." Thus we cannot have a sound grip on the two cornerstones of the line laid down since the 3d Plenary Session of the 11th CPC Central Committee.

Making a thorough study of the theory and practice of the primary state of our socialism will greatly enhance the level of political consciousness of the whole party and the people of the whole country in implementing the party line, principles, and politics and in building socialism with distinctive Chinese characteristics in line with the actual situation in our country.

INCREASING ROLE FOR WORKERS' CONGRESSES SEEN

OW190752 Beijing XINHUA in English 0643 GMT 19 Apr 87

[Text] Beijing, April 19 (XINHUA) -- Chinese workers congresses have been playing an increasingly important role in the democratic management of industrial enterprises, according to today's "PEOPLE'S DAILY".

These congresses examine the major policy decisions of the enterprises, supervise their administrative leadership and safeguard the lawful rights and interests of their workers.

The paper notes that the number of the Chinese enterprises that had set up the workers congresses amounted to 367,000 by the end of 1986.

According to statistics, the number of proposals submitted by the enterprise workers congresses reached 6.774 million, of which 2.92 million involved the enterprises management and made up 43.1 percent of the total.

It has become a practice for the workers congresses to appraise cadres and such democratic assessment of cadres is combined with the examination, rewarding and penalty, and appointment and dismissal of the cadres, the paper says.

Last year, the democratic appraisals of cadres were conducted in China's 179,000 enterprises, involving a total of 941,000 leading cadres, of which, 106,000 had been awarded and 9,000 relieved from their posts.

Some 56,000 enterprises had their administrative leaders elected in a democratic way, and the directors of 24 major enterprises in the capital city of Wuhan in Hubei Province were elected by their workers. The election of directors has also been experimented in three leading steelworks in Shanghai.

As part of the nationwide effort to deepen the democratic enterprise management, the managerial personnel of another 57,000 businesses are selected through collective contracts or agreements.

STATISTICS BUREAU REPORTS ECONOMIC GROWTH

OW181341 Beijing XINHUA Domestic Service in Chinese 1142 GMT 17 Apr 87

[Text] Since the beginning of this year, China has been successful in keeping its national economy steadily growing. Currently, a task of top priority is that local authorities and government departments must proceed from the situation as a whole and resolutely curb the rapid increase in social demand. This was learned at a briefing given by Zhang Zhongji, press spokesman of the State Statistical Bureau, to Chinese and foreign reporters on 17 April on China's economic development during the first quarter of this year.

The brief report on China's national economic development in the first quarter of 1987 released by the State Statistical Bureau on 17 April includes:

Agricultural input began to increase again. Peasants will reap a bumper harvest of summer grain crops. The rural economy is steadily developing, and peasant incomes have increased. According to a sample survey, peasant average per-capita cash income is around 100 yuan, and increase of about 6 percent over the corresponding period of last year allowing for the rise in commodity prices. However, since last winter our agriculture has been affected by severe drought. In many grain-producing areas spring frost has stunted the growth of crops. There is also a great shortage of some materials and equipment for agricultural use. We must solve it as soon as possible.

Our industrial production has seen a better start. The country's total industrial output value reached 226.7 billion yuan, 14.1 percent more than the corresponding period of last year. Various industries have grown in varying degrees; the growth of marketable light industrial and textile products is faster; the production of goods in support of agriculture has increased again by big margins; the increase in production of energy and raw and other materials is stable but slower than the development of industrial production as a whole. The shortage of electricity and last year's reduction in industrial crops are the major unfavorable factors affecting industrial production.

The various transportation departments handled 439.5 billion metric ton-km of goods, up 6.9 percent from the corresponding period of last year. The phenomenon of too many freighters waiting in harbors for berths has basically been eliminated.

On investment in fixed assets, the proportion of productive investments has increased again. Total investment in fixed assets for state owned units reached 17.09 billion yuan, or 26.2 percent more than the corresponding period of last year. Of that total, 11.74 billion yuan went into capital construction, 24.4 percent more than the corresponding period of last year; 5.35 billion yuan went into upgrading and transforming technology, up 30.2 percent from the corresponding period of last year. The proportion of productive investments in capital construction investment rose to 69.9 percent from 65.6 percent in the corresponding period of last year. The proportion of investments in agriculture and in culture, education, public health, and scientific research also rose.

Both domestic and international trade markets became steadily brisk. Our domestic market is thriving more and more with brisk selling and buying of principal commodities and retail sales increasing month after month. Allowing for commodity price rises, retail sales increased by 11.9 percent over the first quarter of last year. In addition, export trade increased by large margins. According to the customhouse, imports and exports totaled \$15.6 billion, up 7.6 percent from the corresponding period of last year. Imports are greater than exports by \$1.05 billion.

The first quarter statistics show that the outstanding unstable factors in China's economic development are: Social demand continues to increase. First, investments increased too rapidly; investment in projects not under state plan and newly started local projects increased too sharply. Although the number of projects in which construction has been officially started is smaller than that of the corresponding period of last year, the number of newly started projects reached 2,473. This shows an increase of 358 projects. Of the newly started projects, 90.3 percent were local projects. Second, social groups purchasing power grew by large margins. Retail sales of consumer goods to social groups reached 12.6 billion yuan, up 26.4 percent from the corresponding period of last year. Economic results of enterprises have not markedly improved. Revenues from state-run industrial enterprises budgeted sales increased by large margins compared with the corresponding period of last year, but the increase in tax payments was slow; many enterprises suffered deficits, which were on the increase. Expenses for circulation of commodities of state-run commercial supply and marketing cooperatives are rising. In addition, more enterprises in some places are putting undue emphasis on output value. As a result, normal equipment overhaul was affected, and accidents and hidden dangers increased. Therefore, it is imperative that local authorities and government departments take the whole country into account, take the situation as a whole into consideration, and absolutely curb the fast increase in social demand. It is necessary to unfold the campaign to increase production and practice economy and to increase revenues and retrench expenditures, combine it with the deepening of reform, and continuously tap the tremendous potentials existing in enterprises. It is also necessary to grasp this year's agricultural production well by combining it with the reserve strengthen for the development of agriculture.

STATE COUNCIL URGES ADMINISTRATIVE EXPENSE CUT

OW171141 Beijing XINHUA Domestic Service in Chinese 1139 GMT 16 Apr 87

[Text] Beijing, 16 Apr (XINHUA) -- The General Office of the State Council recently issued a circular in connection with the "Report on the Question of Controlling Administrative Expenses" submitted by the Ministry of Finance.

The circular urges all localities and departments to carry out the principle of strict and tight control, act within their capabilities, and strive for frugality in dealing with their administrative expenses. The circular adds: It is imperative to make resolute efforts to correct the unhealthy trends of indulging in lavishness, ostentatious display, expensive feasting, extravagance, and waste and to go all out to promote plain living, hard struggle, and the spirit of building up the country through diligence and thrift so as to bring about a turn for the better in the general mood of our society.

The circular points out: Controlling the growth of administrative expenses is not only a task of financial departments but is also the common responsibility of all localities, departments, and units. People's governments at all levels are requested to strengthen leadership over this work. All personnel of state organs, especially leading cadres, should set examples through their own conduct. They should be diligent and thrifty and should honestly perform their duties so as to play a genuine exemplary role. According to the measures set forth in the Finance Ministry report, all localities and departments should formulate their specific rules and seriously put these rules into practice. In doing this, financial, planning, organizational, auditing, backing, and commodity price departments should coordinate closely with one another. In particular, auditing departments should institute a system of periodic audits covering all administrative units, beginning this year, so as to intensify audit supervision and achieve conspicuous results in controlling administrative expenses.

The Finance Ministry report put forward the following nine demands:

1. Liquidate and streamline organs and control the number of personnel. This is the key to reducing administrative expenses. Prior to the completion of overall organizational reform, in principle, no new organs should be established and no existing organs should be expanded or upgraded. Nonpermanent organs should be dealt with seriously according to the relevant documents issued by the State Council. If any such organ is to be abolished, it should be abolished as soon as possible and no work department at the higher level should interfere on any pretext. From now on suggestions to set up new organs or expand existing organs contained in reports or meeting minutes of various departments should not be used as a basis for establishing or expanding organs unless reports dealing exclusively with such suggestions have been submitted and approved. Organizational, personnel, and financial departments should coordinate closely in approving personnel slots in strict accordance with the organ's authorized size and in approving and appropriating administrative expenses on the basis of the authorized personnel.

2. Further rectify disbursement of administrative expenses. Currently, disbursement of administrative expenses is multifarious, and this should be rectified. The problem of office space needed by newly established organs or expanded units should be solved by planning departments through the implementation of capital construction investment plans. If a temporary office must be rented because of special circumstances, a request should be submitted to the people's government for approval. If the rent exceeds the set amount for a given period, no appropriation will be made by the financial department.

3. Guesthouses, restaurants, and reception centers should have proper standards for their service and food charges. Owing to sharp increases in service charges and constant increases in food prices set by some guesthouses, restaurants, and reception centers, meeting and traveling expenses continue to rise. The State Council has approved the "views on tightening control over fees collected by guesthouses, restaurants, and reception centers" drawn up by the Ministry of Finance and the State Administration of Commodity Prices, and all regions and departments must earnestly implement them.

4. Strictly tighten control over purchases. Financial departments should not accept any unauthorized request for automobiles by central departments. People's governments at all levels should organize the relevant departments to thoroughly check the number of automobiles owned by various official organs and departments and reassign those that exceed the authorized number.

To modernize office work, many departments have submitted requests for copying machines and microprocessors, which they will not use very often. Financial departments in all localities should study and draw up measures to control the purchase and management of modern office equipment. To avoid waste, several departments should be encouraged to share equipment.

5. Efforts should be made to cut down the number of meetings. Any meeting larger than national meetings of department and bureau directors that exceeds the number approved by the state must have prior State Council approval, and the meeting must be held strictly in accordance with the approved period, size, and budget. There shall be no overexpenditure. All regions should also work out measures for examining and approving requests to hold meetings and make greater efforts to curtail the number and size of meetings. Meetings shall not be held at guesthouses and restaurants catering to foreign guests, nor shall they be held at tourist or scenic districts during peak tourism seasons. Meetings of various associations, societies, or research institutes should be strictly controlled. The sponsors themselves -- and not any financial department -- shall be responsible for the budgets needed for holding such meetings.

6. Measures to control budgets by means of contracts should be further improved and perfected. After such contracted budgets have been determined, they must be implemented to the letter. Any additional budget required because of special needs shall be examined and approved by one authority.

7. Logistics departments of official organs should gradually institute economic management. They must adopt measures to speed up reform of logistics services under the principle of ensuring operating needs of official organs, improving the quality of services, and conserving administrative expenses.

8. Auditing of administrative units shall be carried out at regular intervals. To intensify auditing supervision, auditing of all administrative units shall be carried out at regular intervals, beginning this year. Problems discovered during the course of auditing shall be seriously handled according to regulations. For those units that do not request auditing or that reject auditing, auditing organs shall refer their cases to financial departments to have their budgets suspended or reduced.

9. Diligence and frugality shall be energetically encouraged. No one is allowed to take advantage of business trips or attending meetings to spend public money on sightseeing. Spending public money on gifts or lavish banquets for internal business contacts is strictly prohibited. Violators of this regulation shall not be reimbursed, and all related personnel shall have their responsibilities investigated. Without the consent of the Ministry of finance, no one shall give prizes or cash awards in the name of holding a meeting. No unit may spend public money on subscriptions to newspapers or journals irrelevant to their work, and publishers should not compel anyone to subscribe to their publications. Efforts should be made to liquidate or cut down the quantity of documents, reports, reference materials, and periodicals, which are far too many these days. Moreover, many units have been very wasteful in using water, electricity, coal, and gas, and they should be educated to conserve these resources. Financial departments at all levels should work with the relevant departments to draw up specific measures according to the above-mentioned requirements and instruct all units to follow them.

RENMIN RIBAO URGES OPENING UP MORE TAX SOURCES

HK210335 Beijing RENMIN RIBAO in Chinese 18 Apr 87 p 1

[Commentator's article: "Pay More Attention to Taxation Work, Open Up More Tax Sources"]

[Text] Tax law is an important part of the national laws. Tax revenue is an important state economic lever in carrying out macroeconomic control of the national economy. This is especially important under the situation of economic reform. Some people hold that to carry out reform and enliven the economy, it is necessary to reduce taxation on enterprises and let them retain more profits. If we are not doing so, we are not supporting reform. Obviously, this is a one-sided view. It is right that in carrying out the reform, the state should adopt necessary measures to reduce taxation on enterprises and let them retain more profits. As a matter of fact, over the past few years, in order to implement the party's policies and principles, to enliven the economy, and to support reform, the state has already worked out quite a few regulations in this respect, such as reducing taxes for some large and medium-sized enterprises and reducing the tax rate several times for textile industrial products. However, there should be certain limits and conditions for tax reduction and the retaining of profits, and the purpose of all this is to cultivate and expand tax sources and to increase state revenue. In the reforms carried out in any areas and enterprises, we should not place our hopes merely on reducing taxes and letting enterprises retain more profits, but should rely on our own efforts and strive to enhance the internal mechanism of the enterprises, improve management and production, increase output and practice economy, and increase revenue and cut down expenses.

At present, some areas and departments are adopting an extremely careless attitude toward the tax law and taxation work. Proceeding only from their particular interests, they often reduce or remit taxation indiscriminately when they hear any complaints from their lower-level units. Some of them have overstepped their authority and decided to reduce tax rates, and some of them have even reduced or remitted various taxes indiscriminately, causing great losses to the state revenue. This is an extremely abnormal phenomenon going counter to the spirit of levying taxes in accordance with the law. Just think, if anyone can change taxation wilfully whenever they think it reasonable, how can we talk about law and discipline? Of course, due to the development of the situation, the tax law may become unsuitable for the objective economic situation and need to be revised and supplemented. However, this revision and supplement can be made only through legal procedures and within the limits of authority rather than made according to individual will. At present, it is necessary to make the following matter clear: Tax revenue cannot be contracted in a general manner, and contracting must be carried out only after taxation. Leased enterprises should also pay taxes according to law.

Over the past few years, although a general review has been carried out each year on tax revenue, financial affairs, and commodity prices and some achievements have been made in this process, tax evasion continues to exist in some areas and enterprises. This shows that the struggle against tax evasion will continue to exist for a long time. Leading cadres at various levels must have a clear understanding of this. The governments at all levels must conscientiously implement the "Decision of the State Council on Enforcing Tax Revenue Law and Discipline and Strengthening Taxation Work," give wide publicity to the spirit of the "decision," effectively strengthen leadership over taxation work, and encourage tax cadres to enforce the law impartially, so that our socialist taxation work can become more and more perfect and can better suit the needs of our economic construction, reform, and opening up to the outside world.

CITIC REVIEWS DEVELOPMENT OVER PAST 7 YEARS

HK210545 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1415 GMT 14 Apr 87

[Report by Dai Yaping (2071 0068 1627): "China International Trust and Investment Corporation Achieves Splendid Results in 7 Years Since Its Founding" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 14 Apr (ZHONGGUO XINWEN SHE) -- The China International Trust and Investment Corporation [CITIC], which earns 500 million yuan a year, is 8 years old this year.

Since its founding in 1979, the CITIC has contributed to the establishment of 54 Sino-foreign joint ventures and cooperative enterprises, including the Tianjin Otis Elevator Company and the Guangzhou Peugeot Motor Company, which are Sino-U.S. joint ventures. So far, it has absorbed \$1.2 billion of direct foreign investment and has itself invested 1.16 billion yuan (including the \$250 million of foreign capital it has managed to introduce independently) in various projects.

Over the past 7 years, the CITIC has been absorbing foreign capital and importing technology, equipment, and facilities and has invested \$1.48 billion in the founding of 123 joint ventures and cooperative enterprises in China. These joint ventures and cooperative enterprises include the Yizheng Chemical Fiber Plant in Jiangsu and the Lanxi Flax Industry Joint Company in Heilongjiang.

The CITIC is very active on the international money market. In the 5 years between 1982 and January 1987, it raised a total of \$720 million in funds through eight bond issues in Japan, Hong Kong, and the FRG. Last year, it bought 95 percent of the shares of Hong Kong's Ka Wah Bank.

In addition, the CITIC also introduces technology, facilities, and equipment from abroad either as a commissioned agent or on a lease basis. It has invested money in two leasing companies and was once in charge of them in an acting capacity. The total volume of their business has accumulated to about \$1 billion.

At today's press conference, Chairman Rong Yiren of the CITIC Board of Directors said: Since 1984, the CITIC has invested money in timber, electrolytic aluminum, and paper and pulp projects in the United States, Australia, and Canada and has participated in the investment in and the financial accommodation for the construction of Hong Kong's second cross-harbor tunnel. Earlier this year, it bought 12.5 percent of the shares in Cathay Pacific. He said: The CITIC's purpose in raising funds on the international money market and in investing money in the exploitation of natural resources in foreign countries is to secure a steady and preferential supply of those goods and materials of which the country has had a shortage for a long time.

Rong Yiren said: With its own funds and as the chief contractor, the CITIC has built more than a dozen hotels and commercial and apartment buildings for foreigners on the mainland. Over the past few years, the China International Economic Consultants Incorporation and the CITIC Lawyer Firm under the CITIC have provided consultant and advisory service for more than 200 foreign and Chinese projects. China International Economic Consultants Incorporated has been officially recognized by the World Bank and the United Nations Development Programme as a consultant organization.

MAINTAINING PRODUCTION RESERVE FUND ADVOCATED

HK180255 Beijing RENMIN RIBAO in Chinese 13 Apr 87 p 5

[Article by Zhong Yangsheng (6988 7122 0524): "Keep an Appropriate Amount of Reserve Funds"]

[Text] The growth of the socialist economy is a process in which many production factors display their comprehensive role. In this process accumulation serves as a very important materials injection in the expansion of reproduction and plays a direct, major, and decisive role in stimulating the growth of the socialist economy. We attach great importance to this basic point in the course of socialist economic construction. The problem is that some people have a one-sided view on this issue. They pay attention to expanding the input into a fixed fund for production to the neglect of proportionately expanding the reserve of funds. As a result, the "time lag" in the investment in fixed assets during the Sixth 5-Year Plan was too long, thereby affecting the formation of the best investment results, and hampering the rational growth of the economy. To overcome this one-sidedness it is necessary to have a clear idea of the relationship between an appropriate reserve fund and the growth of the economy.

In the expansion process of socialist reproduction the growth of the socialist economy always demands the continuous formation of the combination between the subject (laborers), the intermediary (the means of labor), and the object (raw materials, fuels, supplementary materials, semi-finished products, as well as direct and indirect objects of labor). Viewed from the angle of production, this process is a process of the constant reproduction of the relationship between the subject, the finished product, and the socialist economy. Viewed from the angle of consumption, it is a process of the consumption of the means of production and the consumption of the means of consumption. In the socialist commodity economy this process is also a process of commodity circulation. Due to these basic characteristics in the growth of the socialist economy, to achieve the best possible results it is necessary to divide the accumulated funds for production into a fixed fund for production according to a proportionate balance and coordination and a liquid fund for production, with efforts being made to expand the liquid fund for production in the course of expanding the injection of a fixed fund into production. Such a liquid fund for production is also called a reserve fund for production, whereas expanding or maintaining an appropriate amount of the liquid fund is also referred to as expanding or maintaining an appropriate amount of the reserve fund. Here, the reserve fund consists of two funds: One is a liquid fund, which is used to ensure the purchasing and storing of raw materials, fuels, supplementary materials, and semifinished products; and the other is a circulative fund which is used as an intermediary to circulate various finished products. Facts have proved that maintaining an appropriate amount in the reserve fund according to the proportion of input into a fixed fund to production is a very important condition for bringing about optimal growth in the socialist economy.

Since the founding of the PRC, in socialist economic construction the reserve rate of the liquid fund has been maintained at about 8 percent, which accounts for about 25 percent of the total accumulated fund. This is normal. But during the Sixth 5-Year Plan contradictions between the new and old systems arose, the policy and mechanism to control the scale of investments was not perfect, and the hunger for making excessive investments was out of control. As a result, the liquid fund for production was overstocked and the reserve rate dropped to 6.4 percent, which accounted for 21 percent of the total accumulated fund, the lowest percentage ever witnessed in history. The situation in Guangdong was even worse. The proportion of the reserve fund rate to the total accumulated fund was 25.3 percent in 1980, dropped to 12.3 percent in 1984, and rose to 35 percent in 1985. [paragraph continues]

But it was prominently low during the Sixth 5-Year Plan. As a result China's general social demand and supply were out of balance for a time. Productive enterprises found it difficult to purchase raw materials, fuels, and supplementary materials from the market. Commercial enterprises could not afford to buy the products produced by productive enterprises. And products and commodities were overstocked both in productive and commercial enterprises. This gave rise to a "time lag" in the investment in fixed assets of productive and commercial enterprises. Although this "time lag" did not directly produce negative results in the investment in fixed assets, it prevented the investment in fixed assets from displaying its role in increasing output, thereby indirectly hampering the growth of the national economy.

Although inappropriate expansion of the reserve fund can ensure the injection of an adequate fixed fund into production, it will certainly bring about the overstocking of some of the fixed fund. This portion of the fund will deviate from production and circulation and give rise to waste in accumulated funds. Therefore, inappropriate expansion of the reserve fund will inevitably bring about a situation in which the liquid fund is left unused. Like the situation described above this will produce a negative impact on the growth of the national economy.

Obviously, as an important material factor in the growth of the socialist economy, the liquid fund for production should neither be inadequate nor overstocked. The rate and scale of its increase should fall into proportion with the rate and scale of the increase in the input into a fixed fund for production. A survey on the growth of the economy enables us to understand that this proportion is a dynamic coefficient rather than a static one. As a dynamic coefficient this proportion determines the four major factors in the growth of the economy, that is, the general rate and scale of economic growth, material consumption in production, the operational period of goods, and the demand in the course of production and circulation. Under ordinary circumstances, if the economy grows rapidly, on a large scale, and with an adequate fixed fund for production, the reserves in the liquid fund for production will also increase rapidly; on the contrary, the reserves in the liquid fund for production will increase at a low rate. In this process, if material consumption in production is large, the time for transporting materials is long, and the period of production and circulation is long, then more and more liquid funds for production and circulative funds for commercial use will be left unused and the reserve fund will expand. On the contrary, the increase rate of the reserve fund will drop. This indicates that in the course of socialist reproduction it is necessary to maintain an appropriate amount of reserves in the liquid fund, to reduce material consumption as much as possible, to shorten the time for transporting materials, to shorten the period of production and circulation, and to form a reasonable ratio between the reserve of the liquid fund for production and the increase rate and total scale of production.

Summarizing the above, we know that keeping an appropriate amount in the reserve fund is an important economic factor never to be overlooked. Only by keeping an appropriate amount in the reserve fund can we bring about the best possible growth in the socialist economy. During the Seventh 5-Year Plan the shortage of funds will still be a serious factor hampering the growth of the economy. To fulfill and overfulfill the Seventh 5-Year Plan efforts should be made to properly apply the accumulated fund to production and attention should be paid to keeping an appropriate amount of reserves in the liquid fund.

PAPER URGES DEEPENING REFORM IN RURAL AREAS

HK171541 Beijing GUANGMING RIBAO in Chinese 4 Apr 87 p 3

[Article by Chen Jiyuan (7115 0679 0337), Li Qingzeng (2621 1987 2582), and Cai Fang (5591 2499): "Several Questions Concerning the Deepening of the Economic Reform in Rural Areas"]

[Text] I. Establish and Perfect the Rural Market System [subhead]

In the first stage of rural reform, the question of decisionmaking power of the peasants in the sphere of production was resolved and the peasants began to carry out production and accumulation independently. Since the decisionmaking power of the peasants in the sphere of direct production has been expanded, they naturally demand the right to allocate the products of their labor. Therefore, reforming the circulation system of the agricultural products and resolving the contradictions between circulation and production have become the key problems of the next stage of reform. As a result of the reform of the purchase system of agricultural products beginning in 1985, a "double-track system," including both purchase according to contract and purchase through the market at negotiated prices and both the contracted prices and negotiable prices, has been established. This form of circulation is basically suitable for the current structure of agricultural production.

However, the "double-track system" is by no means an ultimate goal of establishing a planned and commercial agricultural system. In the future, the state will gradually reduce purchases according to contract in light of the concrete situation and expand purchase and sale at negotiable prices to that a market system of agricultural products indirectly controlled by the state can be finally established. To establish the market system, it is first necessary to have a perfect market pattern and a perfect market function. It is not only necessary to adopt measures to speed up the formation of the market of agricultural products, but also necessary to gradually establish a money market, a technological market, and a labor market. It is not only necessary to make the market a place to realize the value of agricultural products, but also necessary to make it a regulator for rationally distributing the general labor of the countryside among various production departments. Only thus can the reasonable flow of funds, technology, labor, and other major productive factors be promoted, becoming the best combination of different factors. It is evident that under the current situation in which both new and old systems co-exist, the "departments" and "regions" are separated, and mutual blockades among various regions have not been completely eliminated, there will be great obstacles to establishing and perfecting the market system, which is the basic task in deepening the rural reform.

Over the past few years, there has already been a breakthrough in the situation where the peasants were long bound by the land. Some tens of millions of peasants have turned to the secondary and tertiary industries, forcefully promoting the development of the rural economy. However, as far as the scale, speed, orientation, and channel of shifting the surplus agricultural labor to other sectors of the national economy are concerned, there are still a series of theoretical and practical problems that have to be further studied and resolved. Moreover, there are also some other problems, such as: The market of rural commodities and major productive factors is still not well organized and the shortage in agricultural products and the structural surplus are existing at the same time; while there is a shortage in natural resources, we still have not made sufficient efforts to exploit them; market information is not sensitive and accurate and cannot reflect the current situation and trend of development of the market; and while there has basically been a vertical flow of funds, the horizontal flow has just begun. [paragraph continues]

Thus, it has become a pressing task for us to establish and perfect the market system, to create a favorable environment for the rational flow and best combination of various major productive factors, and to further promote the development of the rural productive forces.

II. Establish an Accumulation Mechanism To Ensure the Continuous and Steady Growth in Agriculture [subhead]

At present, the question of insufficient staying power of agriculture has aroused or is arousing the attention of various sectors, and there has been an increasing demand for more investment in agriculture. However, the problem still cannot be solved if we overemphasize increasing state investment to the neglect of establishing a microeconomic accumulation mechanism of the peasant households.

Investment for promoting agricultural and rural development can be divided into the following three parts:

1. Investment in nonagricultural production projects. Although the investment is not directly made in agricultural production, according to the principle of production association and the principle of employment, it should contribute to the development of agriculture and the shifting of the agricultural labor force. But at present, this investment is usually not closely related to the development of agriculture. The main investor in this respect can be the state, the locality, or the common people. In the future, the state must be responsible for macroeconomic regulation and control so that this investment can conform to the principle of being conducive to agricultural development.

2. Investment in basic agricultural facilities. This refers to the investment in large-scale projects directly or indirectly serving agricultural production, such as construction of large-scale water conservancy projects, building of roads, dredging river courses, and transforming the environment. Most such projects cannot be carried out by the peasant households which are engaged in separate production. They should mainly be built by the national and local governments, and investment in such facilities should be gradually increased along with the development of agriculture.

3. Investment in agricultural production. This refers to the direct investment in the fixed and floating assets of agricultural production. After practicing the system of contracted responsibilities with payment linked to output, the peasant households became the main accumulators of funds and the investment in agricultural production then increased rapidly. This was the main reason for the record grain output in 1984. However, since the production cost of the peasants' small-scale commodity economy was high and both their commodity rate and economic returns were low, and since the market relations of the agricultural products were not well readjusted, there was a great disparity between the relative returns of agricultural and nonagricultural production. Thus, the peasants' interest in agricultural investment later dropped. Their investment in 1986 was 10 percent lower than in 1985. This situation should arouse our serious attention.

In the above-mentioned three investments for promoting agricultural development, the core is the investment made by the direct producers in agricultural production. Therefore, it is extremely important to study the question of establishing a microeconomic accumulation mechanism for the peasant households to effectively stimulate the production environment. 1) It is necessary to perfect the system of contracted responsibilities with payment linked to output. [paragraph continues]

The contract must not only be linked to output but must also be linked to the peasants' investment, the use of land, and the change in the fertility of land, so that the contractors can understand that their investment in the land concerns their immediate material interests and is good for them, but that predatory operation is harmful to them. 2) It is necessary to readjust the relations between agriculture and industrial and commercial production and the internal relations of agriculture so that there may be no great differences between the gains from agriculture, especially from grain production, and those from other production. Only thus can people take delight in agricultural production and can the peasants have enthusiasm in accumulation and expanded reproduction. 3) It is necessary to establish a centralized mechanism of land to expand the scale of agricultural production and change the current situation of scattered and fragmentary operation. Therefore, it is absolutely necessary to explore a form for realizing the socialist public ownership of land and of a norm for the floating of the land operation power.

III. Perfect a Diversified Ownership Structure and Allow Some People To Become Rich Before Others [subhead]

Over the past few years, with the implementation of the new policies and on the premise that the socialist economy based on the public ownership is in the dominant position, the individual economy and private economy in the countryside have developed in varying degrees and the pattern of a diversified ownership structure has also basically been formed. In the elementary stage of socialism, the basic pattern of a diversified ownership structure in the countryside will not be changed. It is necessary to allow the individual economy and private economy to exist and develop in the countryside; it is also necessary to exercise macroeconomic control over their development. At present, although there are some stipulations for the individual economy, they are not perfect enough. But there are still almost no principled stipulations for the private economy. Therefore, it is absolutely necessary to adopt both economic and legal measures to readjust the latter's excessive income and guide them to use the main parts of their income in expanded reproduction, and to work out relevant labor protection regulations and methods to ensure the legitimate rights and interests of various sectors.

Common prosperity is the fundamental goal of China's modernization drive. But in the course of realizing this goal, it is necessary to follow a line of allowing some regions and some people to become rich before others, the situation where the peasants' per capita income is kept at a low level has been changed and this income has sharply increased. Over the past 7 years, the per capita income of the peasants has increased by a cumulative total of 265 yuan, at an average of 38 yuan a year. The growth rate is 135 percent higher than the average growth rate in the previous 25 years. Most peasants have been lifted out of poverty and their livelihood has been improved. This fact shows that it is entirely correct to adhere to the principle of allowing some regions and some people to become rich before others.

Of course, given the general trend that the peasants' income has generally been increased over the past few years, this increase still differs from person to person, and it seems that the differences among the peasants in this respect are increasing. The ratio between the incomes of rich and poor peasants in 1979 was 1.9 to 1, and it was 2.6 to 1 in 1984. This was an inevitable phenomenon which appeared in the course of advancing toward common prosperity in the wake of the development of the commodity economy. However, under China's condition of the people's democratic dictatorship, since the main economic lifelines are grasped by the state and the socialist economy based on the public ownership is in the dominant position, and at the same time, since various measures have been adopted to reduce income differences among peasants, the phenomenon of polarization can be prevented.

IV. Explore a Way To Make Both Urban and Rural Reforms Dovetail [subhead]

The first stage of rural reform was mainly carried out in the sphere of microeconomy. Thus, the direct confrontation with the traditional macroeconomic system and the complicated relations concerning the interests of various parts have been avoided from the very beginning of reform. This was an important reason for the smooth progress of rural reform. However, it was also because of this that the full release of the energy of the first stage of rural reform has been restricted by the old macroeconomic system, the structure of interests, and the mechanism of economic movement. If this situation is not changed, the rural reform cannot be further deepened.

With the implementation of the system of contracted responsibilities on a household basis with payment linked to output, rural reform is gradually developing toward the sphere of circulation. Since 1979, a series of changes have taken place in the sphere of circulation in the countryside. The peasants have entered the market in an organized way. This is an important breakthrough in reform of the rural circulation system. The self service of the peasants helps them reduce losses in their interests through intermediate links. They have earned more, but the state's revenue has not been reduced and the consumers' expenses have not increased. However, because of this, the most sensitive nerve of the old circulation system has been touched and some contradictions have arisen, such as the contradiction between opening up through various channels and the monopoly operation of departments, the conflict between rational distribution and monopoly of interests, and the clashes between transregional services, which conform to the demand of the economic law, and the blockade among local markets. As a result, a number of trade wars have broken out, which involve more than 10 provinces and regions, such as the "wool war," the "grain war," and the "orange war." In essence, these wars are concentrated expressions of the contradictions in the sphere of circulation. The sharp conflicts between the new and old circulation systems and their internal contradictions show that it is imperative to carry out reform of the traditional mechanism of economic movement. The deepening of rural reform will naturally set a new and higher demand on the overall reform of the national economy.

Undoubtedly, the economic reform in rural areas is extremely important to the structural reform of the entire national economy. The former requires that the latter should be suited to its own situation, and the latter has to be pushed forward by the former. In other words, the entire economic reform concerning the whole economic situation can be carried out smoothly only when the economic reform in rural areas is continuously deepened. Despite their differences in various aspects, such as in division of labor, in regional distribution, and in the degree of economic development, both agriculture and industrial and commercial production and both the countryside and the cities are component parts of the social division of labor and social economy as a whole. Particularly, with the development of the commodity economy in the countryside, the old economic pattern of "countryside -- agriculture" has begun to shatter, and the economic function of the countryside, which is a subsystem of the general system of the national economy, has gradually expanded from mere agricultural development to the comprehensive development of agriculture, industry, and commerce. Now the relationship between city and countryside is no longer a unitary relationship of product exchange, which is characterized by "industrial products going to the countryside and agricultural products going to the cities." There are increasing ways for the combination of cities and the countryside.

To make both urban and rural reforms dovetail, the following points should be clarified: 1) Establishing a planned commodity economy is a common goal of both urban and rural reforms and commodity exchange is an objective basis for linking up urban and rural reforms. [paragraph continues]

2) The contract system is a basic form in linking up the cities and the countryside as well as agriculture and commerce, and various forms of economic associations are also playing an important role in linking up urban and rural reforms. 3) To make urban and rural reforms dovetail, various economic, administrative, and legal measures should be adopted, but the key is the economic measures, with the question of prices as its core. In the final analysis, the relationship between cities and countryside is a relationship of interests. Only when the interests of the state, the collective, and the individual and the interests of the producers and consumers are all taken into account can the urban and rural reforms be made to dovetail on a solid foundation.

BUMPER CROP PREDICTED FOR SUMMER GRAIN CROPS

HK180133 Beijing CHINA DAILY in English 18 Apr 87 p 1

[By staff reporter Guo Zhongshi]

[Text] The State Statistical Bureau yesterday predicted a bumper harvest across the country for this year's summer grain crop.

The estimate was made on the basis of early spring ploughing in most parts of China, an increase in sales of farming materials, improvements in rural irrigation systems and a higher State agricultural investment, a spokesman for the bureau said.

The spokesman also announced a sharp drop in China's trade deficit in the first three months of this year.

At a news briefing on China's national economic development in the first quarter of this year, Zhang Zhongji, deputy chief of the bureau told reporters that the retail volume of agricultural materials and equipment reached 15.25 billion yuan (about \$4.1 billion), an increase of 35.1 percent over the same period of last year.

Sales of fertilizer, pesticides, tractors and other farming machinery registered a sharp increase, he said, adding that State banks had extended nearly 2.1 billion yuan more in agricultural loans than they did in the same period last year.

However, despite the good growth of summer crops, Zhang warned against such potential problems as drought, frost and spring chills which hit some areas, and the shortage of fertilizer and diesel fuel, still a headache for many farmers.

On China's foreign trade, Zhang said the smaller deficit in the first three months of this year was mainly due to the State's tighter controls on imports, a rise in the world price of oil which China exports and a sharp increase in exports of coal, rice and cotton yarn.

He told reporters that China's foreign trade saw a large increase. The total volume of the country's imports and exports was 7.6 percent higher in the first three months than in the same period in 1986, to reach \$15.6 billion.

In the total trade volume, exports accounted for \$7.28 billion, an increase of 27 percent over the first quarter of last year, while the volume of imports was reduced by 5.1 percent to reach \$8.33 billion.

He said that although the country's imports remained higher than exports, the difference between the two had dropped by nearly \$2 billion in comparison with the same period last year.

Zhang told reporters that the trade deficit at the end of the first three months of this year was \$1.05 billion. It was more than \$3 billion for the same period last year. With the deficit offset by a surplus in such invisible items as shipping and insurance, foreign exchange reserves had begun to rise for the first time since 1984, he said.

VICE MINISTER EXPLAINS 'BUMPER HARVEST PLAN'

HK210600 Beijing NONGMIN RIBAO in Chinese 6 Apr 87 p 1

[Report on an interview with Chen Yaobang, vice minister of agriculture, animal husbandry and fishery by NONGMIN RIBAO and XINHUA reporters: "The 'Bumper Harvest Plan' Will Go Into Operation This Year" -- date not given]

[Text] Vice Minister of Agriculture, Animal Husbandry and Fishery Chen Yaobang answered questions raised by NONGMIN RIBAO and XINHUA reporters on the operation of the "bumper harvest plan" in agriculture, animal husbandry, and fishery.

[Reporter] Against what background was the "bumper harvest plan" raised? What is its main significance?

[Chen Yaobang] The "bumper harvest plan" was first raised mainly to solve the problem of increasing our grain output. China has a large population and must solve the grain problem by itself. For a considerably long period of time in the future, we must put grain in first place in agricultural production and develop economic crops, animal husbandry, and aquatic products simultaneously. With limited land and a large population China must develop agricultural production by increasing per unit area yield and by taking the road of intensive farming. A series of concrete measures are thus needed to speed up the promotion of advanced science and technology. Therefore, we have formulated this plan to promote advanced science and technology in a vast area and on a large scale, namely, the "bumper harvest plan."

Carrying out activities in the "bumper harvest plan" can help people attach importance to agriculture, strengthen agriculture, support agriculture, and ensure steady development in agriculture. The "bumper harvest plan" integrates targets and measures in an organized way which is beneficial to the comprehensive application and coordination for various measures and also to the management and supervision of various measures to be implemented. Therefore, the "bumper harvest plan" is also a comprehensive plan for invigorating agriculture.

[Reporter] What are the main task and objective of the "bumper harvest scheme?"

[Chen] The CPC Central Committee and the State Council have formulated a series of rural policies to unleash the peasants' initiative and have also adopted many measures to increase agricultural input. The main task for the "bumper harvest plan" is in a comprehensive way to apply scientific research achievements and advanced technology in agriculture, animal husbandry and fishery to production in a vast area and on a large scale and to achieve the objective of the fine quality, low costs, high yields, and still higher yields in the production of agriculture, animal husbandry, and fishery.

[Reporter] Which items are listed in the "bumper harvest plan"?

[Chen] Items listed in the "bumper harvest plan" include the promotion of advanced practical scientific research achievements and advanced technology in the fields of farming, animal husbandry, aquatic products, and agricultural mechanization. All scientific research achievements and advanced technology that can increase the output of agriculture, animal husbandry, and fishery; improve quality; increase productivity; reduce consumption and costs; benefit environmental protection; help improve economic results, social benefits, and ecological efficiency; and can be applied in a vast area and on a large scale may apply through the relevant provincial, regional, or municipal departments to the Ministry of Agriculture, Animal Husbandry, and Fisheries to be listed in the "bumper harvest plan." The comprehensive and complete technology now being promoted mainly include the following: Fine varieties of agriculture, animal husbandry, and fisheries; the technology of cultivating high-yield crops; the technology of transforming low-yield land; the technology of utilizing agricultural facilities, plastic films, and other chemical materials; the technology of applying fine-quality fertilizer; new water conservation machines and instruments; new technology for water conservation and land irrigation; the technology for the comprehensive prevention of crop diseases, insect pests, and diseases of domestic animals and fish; optimized-prescribed forage; the technology for the scientific feeding of domestic animals, poultry, and fish; the technology for the refined breeding of sea and fresh water products; the technology for the protection and breeding of resources in coastal waters and lakes; and the technology for the preservation, processing, storing, and delivery of agricultural, animal husbandry, and fishery products.

[Reporter] What are the requirements for selecting "bumper harvest plan" items?

[Chen] "Bumper harvest plan" items will be proposed by the relevant provincial, regional, and municipal departments and examined and studied by the Ministry of Agriculture, Animal Husbandry, and Fisheries. On the basis of an overall balance the better items will be selected and listed in the plan. In selecting and listing items priority will be given to items that will increase grain output, which has a great impact on the national economy, and to major items of agriculture, animal husbandry, and fishery. The requirements for items listed in the plan are: The technology of the items should be advanced and practical and should achieve marked results in developing production. The area suitable for applying the items should be vast. The items should involve little investment and should achieve fast and good results.

[Reporter] Which items have been listed in this year's "bumper harvest plan?" How will the items be managed?

[Chen] Eighteen items have been listed in this year's "bumper harvest plan," among them are the technology for comprehensive bumper harvests in grain in the area of rice, rice field fish, wheat, hybrid corn, soyabean, cotton, vegetables, fruit trees, hybrid rapeseed, and rubber; comprehensive technology to increase the output of black and white milk cows; cultivate and breed river crabs; breed and reproduce hybrid carps; complete technology for fish culture in net pen and running water and baits; and the demonstration and promotion of the comprehensive technology for promoting new varieties of Chinese Merino sheep, fine varieties of chicken, duck, and goose, and a fine variety of beef cattle.

"Bumper harvest plan" items are arranged in a unified way by the "bumper harvest plan" office under the Ministry of Agriculture, Animal Husbandry, and Fisheries and under the management of appropriate trades. The Ministry of Agriculture, Animal Husbandry and Fisheries will sign contracts with the relevant responsible departments of all provinces, regions, and municipalities on the listed items. Then the departments will sign contracts with contracting units. The items must be connected with supporting a "bumper harvest plan" foundation and be carried out according to the contracts. Units contracting for "bumper harvest plan" items must formulate concrete plans, set explicit targets and indices, and assign the targets and plans to individuals to ensure the fulfillment of the task on schedule.

The financial departments will allocate the "bumper harvest plan" agricultural technology promotion fund. The fund will mainly be used to pay interest on the loans for buying the means of production needed in technological promotion and on the interest on the loans for technological promotion, as subsidies for the key technological promotion of an item, and as funds for the "bumper harvest prize."

[Reporter] What are the necessary requirements for applying for a "bumper harvest prize?"

[Chen] Items that attain or exceed "bumper harvest" targets and achieve marked results in promoting agricultural scientific research achievements and advanced technology can apply for "bumper harvest prizes" regardless of whether they have been listed in the "bumper harvest plan."

Vice Minister Chen Yaobang stressed that this year is the first year for carrying out the "bumper harvest plan" and hoped that agricultural departments at all levels would strengthen organization and leadership over this work, organize technological forces in all fields, jointly promote technology, and reap a bumper harvest of agriculture, animal husbandry, and fishery in a vast area and on a large scale.

JIEFANGJUN BAO COMMENDS THRIFT, HARD WORK

HK170823 Beijing JIEFANGJUN BAO in Chinese 6 Apr 87 p 1

[Commentator's article: "Broaden Sources of Income and Reduce Expenditure, Building up the Army Through Thrift and Hard Work"]

[Text] Building the Army through thrift and hard work is our fine tradition as well as an important principle for our Army building. It should be brought forward at all times, and upheld at present in particular.

With the shift of the work focus of the party and the state, our Army has also shifted its work focus to the track of peacetime construction with modernization as the center. Everybody knows that the realization of the modernization of our Army is impossible without enough funds. China is still weak in its economic foundation. At present, our limited financial and material power must be concentrated on our national economic construction, and a significant increase in the allocation of funds for national defense is not likely to take place within the near future. This objective condition has determined that the modernization of our Army cannot be accomplished in haste, and what we can do is to give full play to our subjective initiative within the limit of the objective conditions. An important aspect is building the Army through thrift and hard work. [paragraph continues]

The practice of careful calculation, strict budgeting, and economy, while developing production and increasing income will help make up for the insufficiency of funds, and simultaneously bring forward the fine PLA tradition of hard work and arduous struggle. Beyond doubt, building the Army through thrift and hard work has always been our magical weapon; we should and must make it run through the entire course of Army modernization.

We should first take "thrift" into full consideration. Economic planning is the most important way of practicing economy itself. We must think more than twice and make meticulous arrangements regarding what is to be done when there is not much money allocated to us. We should resolutely cut back those items not vitally important, put off those not so urgent, and make in-depth investigation and ample demonstration regarding those items and expenditures that are indispensable, to determine the best plans for them. We should do our best to save money in holding meetings, running the office, and on business trips. Our limited financial resources must be genuinely spent where they are most urgently needed. reform and good management yield economic results and vitality. It is necessary to set up, complete, and perfect all kinds of standard systems: Responsibility systems in all forms, and supervision and feedback systems as well. They must be strictly implemented, loopholes must be stopped up, and the reward and punishment system must be carried out. In this way, the effects of the existing goods, materials, and equipment, as well as funds, will surely be brought into play. To reduce expenditure will naturally involve overcoming such tendencies as seeking luxuries, indulging in food and drink, sending presents, and the pursuit of ostentation and extravagance. Such unhealthy tendencies lead to waste of state money and materials, and corrupt relations between officers and men. They run counter to the glorious PLA tradition of hard work and arduous struggle. Not only should they be resolutely stopped now, but they are intolerable even when conditions improve in the future.

And second, it is necessary to broaden sources of income. The PLA has all along had the glorious tradition of undertaking agricultural and sideline production, and it is all the more necessary for us to grasp this well in a big way at present. The living standards of the cadres and soldiers in our Army need be further improved. With the unstable prices of non-staple foods, we should produce some on our own to supplement the supply for our troops, to guarantee the need for nutrients and calories for the commanders and soldiers in training and performing their duty. The development of proper production operations is also a reliable source of funds for the Army to undertake. Such work as providing courses in science and culture in general, and training qualified people for both military and civilian purposes. By pursuing productive labor, the Army will not only create material wealth, and reduce the burden of the state, but also temper itself in the spirit of hard work and arduous struggle, train qualified people in many aspects, and make work arrangements for officers' dependents who live in camps. This is killing several birds with one stone, and is a fine thing that is favorable to the state, the people, and the Army and our soldiers as well. We should strive for this new development which has no effect on the fulfillment of education and training and no contradictions with state policies.

We should pay attention to the purpose of the Army in pursuing production. It is chiefly to create value through labor, and to serve the Army and the masses. It is necessary to judge the time and size up the situation regarding the specific category of production to pursue, to take objective conditions into consideration, and to act according to one's own capability. When broadening their sources of income, some units fail to take into consideration the objective conditions and the possibilities, and blindly pursued items quite beyond their capability. The results is the loss of their investment. [paragraph continues]

Many Army units have started from their own actual conditions, and developed farming and breeding, or initiated service trades in the neighborhood of their camps. This has provided not only convenience to the people inside the camps, but also held back part of the consumption funds flowing to society. This is also a kind of positive reduction in expenditure. All this shows that the potentials are great both in reducing expenditure and broadening sources of income. All we need is to widen our thinking a bit more. Regarding those Army units that have not been satisfactory in production, appropriate support and help from their supervisors is also very necessary, aside from their own efforts. Party committees at all levels and leading comrades of both the Army and the government should strengthen their leadership, and help logistics departments personnel to perform their duties. Logistics departments personnel at all levels should work enthusiastically and strictly observe the regulations in doing a good job of housekeeping and accounting with a high sense of responsibility and enterprising spirit. So long as all of us, from leadership to grass roots, work with joint efforts, in one heart and mind to broaden sources of income while reducing expenditure, we are sure to make steady progress in pushing forward Army construction under the existing conditions.

JIEFANGJUN BAO URGES DOING TWO MAJOR THINGS WELL

HK171146 Beijing JIEFANGJUN BAO in Chinese 12 Apr 87 p 1

[Editorial: "Set an Example in Doing Two Major Things Well"]

[Text] The Fifth Session of the Sixth National People's Congress and the Fifth Session of the Chinese People's Political Consultative Conference have victoriously closed following the completion of their planned agenda. We warmly congratulate these two conferences on their complete successes!

After analyzing the current domestic economic and political situation, the NPC conference has solemnly determined to concentrate on doing two major things well: First, in the economic field, to uphold the correct construction principle, extensively launch the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditure, deepen the structural reform, expand the scope of opening up to the outside world, and strive to ensure the sustained and steady development of the national economy as a whole. Second, in the political and ideological field, to carry on the propaganda and education in upholding the four cardinal principles, resolutely oppose bourgeois liberalization, strengthen the building of socialist spiritual civilization, and further consolidate and develop the political situation of stability and unity. Being the specific expression of the 3d Plenary Session of the 11th CPC Central Committee, these basic points should be the fundamental tasks and guiding principles for not only this year but also a period of time in the future. Officers and soldiers in the whole Army all should study the important significance of this decision in a deepgoing way, persist in acting in light of the situation as a whole, and set a good example in doing these two major things well.

The political stability and unity is a basic condition for us to concentrate on the socialist modernization construction. Without stability and unity, we could hardly imagine to have accomplished everything of ours today. At present, in order to fundamentally ensure the smooth progress and healthy development of the reform and opening up to the outside world, we must regard education in upholding the four cardinal principles, opposition to bourgeois liberalization, and strengthening of the building of spiritual civilization as the central tasks in the political and ideological fields. [paragraph continues]

This way of doing things tallies with the actual conditions in our country and reflects the common wish of all the people of the country. If bourgeois liberalization is allowed to spread unchecked, it will inevitably result in social chaos, and we would not be able to carry on the construction and reform. As a strong pillar of the people's democratic dictatorship, our Army should all the more determinedly uphold the four cardinal principles and take a clear-cut stand in opposing bourgeois liberalization together with all the people in the country, and treasure and safeguard the political situation of stability and unity as they would their own eyes. While making positive education in upholding the four cardinal principles a success, we should also thoroughly implement the spirit of the enlarged meeting of the Military Commission of the Central Committee, vigorously strengthen and improve the political work, do well all the work of the troops centering on the modernization construction, strive to train new people in "lofty ideals, moral integrity, education, and a sense of discipline," and make contributions to the consolidation and development of the political situation of stability and unity.

To extensively, deeply, and sustainedly carry on the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditure is of extremely great realistic as well as far-reaching significance to the strengthening of the building of socialist material and spiritual civilizations. This is not only a vigorous measure to resolve the various issues in the present economic life but also a great plan of fundamental importance to ensuring the long-term and stable development of the economy in our country. It is not only an important economic task but also an important political task. Working hard is the precious heritage of our party and Army. During the years of war, we won the battles by working hard. In the early days of the founding of our country, we also healed the wounds of wars by working hard to reestablish the national economy. In deepening the reform of today, we are also required to steadfastly work hard and build the country and Army with diligence and thrift. Notwithstanding that the varied conditions for the modernization construction of our Army have already improved greatly, the difficulties are still numerous and the tasks are still arduous. Proceeding from the specific national conditions in our country, we should cultivate the attitude of protractedly working hard. We just should not raise some unrealistic, excessive demands for living consumption. From the leading cadres to the soldiers, everyone should practice strict economy and stop all kinds of extravagance and waste. To gradually improve the levels of the material and cultural life of the masses on the basis of developing production is the established principle of the party and state and not contradictory to the proposition to wage arduous struggles and build the country and Army with diligence and thrift.

These two major things are mutually related and supplementary to the deepening of reform. Doing these two major things well is conducive to the promotion of the reform and yet is dependent on the deepening of the reform. If these two major things are not handled well, the reform will lose its important political guarantee and material basis. And if the reform is not deepened, the situation of stability and unity will lose its necessary conditions to develop and consolidate, and therefore the campaign "to increase production and practice economy and increase revenue and reduce expenditure" will lose its direct motive force. Some of the problems in the economic life at present have arisen during the progress of the reform and must be resolved through the deepening of the reform so as to enable the economy to protractedly and steadily develop during the coexistence of the new and old economic structures. To keep pace with the reform throughout the country, the various reforms of the Army should also be further deepened. In the face of such a situation and tasks, we should constantly enhance our understanding of the reform to consciously promote the reform and strive to upgrade the various work of building the Army.

JIEFANGJUN BAO LAUDS REVOLUTIONARY TRADITIONS

HK171521 Beijing JIEFANGJUN BAO in Chinese 10 Apr 87 p 1

[Commentator's article: "Pay Serious Attention to Education in Revolutionary Traditions"]

[Text] Because it is part of the regular education program in the Army, the education in revolutionary traditions has more realistic significance at present.

What is its significance at present? Its significance lies in helping us enhance the understanding of upholding the four cardinal principles and the opposition to bourgeois liberalization. If we reckon the Chinese revolution from the founding of the party, over 60 years have already passed. Comrade Mao Zedong once said that a single spark can start a prairie fire. When our party was first established, there were only 100 members or so. However, through waging indomitable, heroic and arduous struggles, our party grew and developed and finally succeeded in establishing a socialist New China. This miraculous fact has vividly proved the great power of Marxism-Leninism in transforming heaven and earth. Without the Communist Party to apply the truth of Marxism-Leninism to the old and weak China, the independence, prosperity and powerfulness of the motherland would have been absolutely impossible. Only by constantly reviewing the arduous process of the Chinese revolution for over half a century and knowing more about the great sacrifices made by the revolutionaries of the older generation for the founding of New China and socialist and communist causes can we deeply realize that all the things we have now did not come easily, truly understand the reason why the four cardinal principles are the foundation of our country, and see clearly the nature of the ideological trend of bourgeois liberalization, thus inspiring consciousness and persistence in upholding the four cardinal principles and opposing bourgeois liberalization.

The reason why successful education in the revolutionary traditions is more necessary at present is that many comrades, in particular the younger generation do not have much understanding of the misery experienced by the Chinese people as well as the glorious history of our party and Army. Even when people visit some revolutionary memorial sites, they still do not know local revolutionary history. What impresses them more is the "Cultural Revolution." This is a noteworthy thing. Through education in the revolutionary traditions, we can let them see the nature and main current of the Chinese revolution as well as the tortuous and arduous course of the revolution, thus enabling them to discard those specious and inherit the truly fine traditions. Not long ago, some people do not really understand the fine tradition of our party and Army improperly belittled our fine traditions in the name of "renewing concepts." They even went to the extreme of negating the concept of being unselfish and waging hard struggles. Obviously, this is not "renewal" at all. This is even far lower than the level of understanding once attained by the advanced people in the past.

Every nation treasures its own fine historical traditions. That glorious traditions of the Chinese Communist Party as well as the people's revolution and Army led by the Chinese Communist Party are all the more priceless spiritual wealth of the Chinese nation. Comrade Deng Xiaoping once said that it is necessary to use the deeds of martyrs to educate our younger generation to make them into truly useful talented people, socialists and communists. In this regard, our Army should take the lead. Chinese territory is so vast and rich and the Chinese people are so bright and intelligent.

I. 21 Apr 87

K 23

CHINA
PRC NATIONAL AFFAIRS

As the countless revolutionaries of the older generation scaled all the green mountains and dyed the rivers with their own blood, we can find their everlasting determination and noble spirit as well as profound historical experiences and lessons everywhere. The troops of the whole Army should attach importance to making use of the revolutionary sites where they are stationed to conduct education on a regular basis. These places may be the old sites where our party and Army once waged revolutionary struggles or places where the Chinese and foreign reactionaries persecuted and slaughtered revolutionaries. We can find some appropriate opportunities to organize officers and soldiers to visit these positive and negative places to personally feel the historical events, cherish the memory of the martyrs, recall the past and compare it with the present, and inspire their fighting spirit. Undoubtedly, if it is well done, it is greatly conducive to the improvement and strengthening of ideological and political work and the strengthening of the Army's building of spiritual civilization.

REPORT RELEASED ON PLA NAVY MODERNIZATION

OW210030 Beijing XINHUA in English 0018 GMT 21 Apr 87

[Text] Beijing, April 21 (XINHUA) -- The Chinese Navy now has 11 times as many warships as in the 1950's, with major warships using guided missiles, according to a release issued here today.

These missile ships, all built by China, include destroyers, escort vessels, gunboats, and conventional and nuclear submarines. China's first enclosed missile escort vessel, with a displacement of 1,720 dwt, is now in commission in the East China Sea fleet. It is equipped with updated electronics, cannon, command and power systems.

The country's first naval training vessel, with the displacement of 5,000 dwt, was launched last July. It uses navigational equipment and radar imported from Britain and can sail 10,000 nautical miles without refueling.

The first ship for experimenting with submarine weapons has a displacement of 4,500 dwt and can also be used for various deep-sea surveys. Moreover, a Chinese submarine launched a carrier rocket from under the sea five years ago. And a Chinese-built nuclear submarine set records last year in marine voyage time and range, and the average speed.

Satellites and other modern communications techniques are being used to guide ships, the commander said.

Moreover, the Chinese Navy's first seaplanes were developed last August, he said, adding that they can perform such special tasks as reconnaissance, anti-submarine warfare, attacking warships, patrols and searches.

China has also developed its first group of bomber-carrying air-to-sea missiles. The Hong-6D bomber carries two missiles with special targetting functions.

The Chinese Navy is now capable of operating as far as the western part of the Pacific, and China's Xisha and Nansha Islands, the commander said, adding that it can enter combat in cooperation with ground and air forces. Last summer, a Chinese fleet conducted an exercise over several thousand nautical miles in the northwestern part of the Pacific.

Meanwhile, the Chinese Marine Corps launched a large-scale modern landing operation on an island in the South China Sea.

CHINA DAILY COMMENTATOR VIEWS POPULATION PROBLEM

HK180132 Beijing CHINA DAILY in English 18 Apr 87 p 4

[by unidentified CHINA DAILY commentator]

[Text] China embarked on an effective family planning programme in 1974. As a result, the birth rate was reduced from 27.93 per thousand in 1973 to 17.8 per thousand in 1985. By the end of 1985, the population stood at 1.045 billion.

However, the birth rate last year rose to 20.77 per thousand, and the natural growth rate increased to 14.08 per thousand from 11.23 per thousand in 1985. China's population increased by about 14 million in 1986, or 1.68 million more than the planned figure. Unless this trend is checked, by 1990 the population will exceed the figure set by the Seventh Five-Year Plan (1986-1990) by more than eight million. This means that the goal of not exceeding 1.2 billion people by the end of the century will not be met.

The higher 1986 growth rate has been partly ascribed to the fact that baby boomers born in 1963 and 1964 have now reached marriageable and child-bearing age. It was also the result of the growing number of families with two or more children because of a birth control relaxation, especially in the countryside. As about 3.2 million more women will enter the child-bearing age this year and 1.2 million more babies than last year are expected, making for a net population increase of 15.9 million. [as published] It is estimated that from now to 2000, the population increase will be around 200 million. If each person needs on the average six square metres of living space and 400 kilogrammes of grain, the nation will have to build about 1.2 billion square metres of housing and produce 80 billion kilogrammes of grain just to meet their needs.

It is manifest that the population issue still constitutes a tremendous challenge to China's economic and social development and modernization efforts. China must vigorously carry out the family planning policy so that the population growth is kept at a rate compatible with socio-economic development.

Emphasis should be laid on rural areas where 80 per cent of the Chinese people live. And for educational and economic reasons, rural people are more likely to want more than one child, as urged by the State, than urban couples.

For one, an intensified publicity campaign should be conducted so that more rural people with little education become aware of the impact population has on the economic life of the people and the future of the nation. At the same time, appropriate measures should be adopted to encourage compliance with the national population policy.

For instance, in Sichuan, the most populous province, the government has started giving one-child families preferential treatment in agricultural credit, technical assistance, information services and employment opportunities in township enterprises. As a result, in Shifang County, for instance, the per capita income of one-child families is higher than that of other families. Other measures, like social protection and health care for the aged and only children are under serious consideration.

A sample census will be launched this July, involving 10 million people -- one per cent of the entire population -- in 1,000 cities and counties across the country to collect up-to-date information. Detailed analyses of the results will certainly be of great value to the government in future decision making.

WANG YUZHAO ADDRESSES FAMILY PLANNING MEETING

OW182334 Hefei ANHUI RIBAO in Chinese 9 Mar 87 p 1

[Excerpts] The provincial government held a provincial conference on family planning work 4-7 March. [passage omitted] Leading comrades of the province Wang Yuzhao, Ying Yiquan, Yang Jike, and Wang Houhong attended the conference.

Wang Yuzhao, deputy secretary of the provincial party committee and governor, spoke at the conference. He first assessed the situation of family planning work in our province during the Sixth 5-Year Plan and the first year of the Seventh 5-Year Plan, noting that the momentum of excessive population growth rate in Anhui during the Sixth 5-Year Plan has been effectively curbed. He said: The original ceiling set in the Sixth 5-Year Plan called for a birth rate of 16.5 per thousand, a population increase of 11.6 per thousand and a total estimated population of 52.444 million people by the end of the 5-year plan. The actual results achieved in implementing the plan showed a birth rate of 12.8 per thousand, a population increase of 7.6 per thousand and a total population of 51.558 million people, all below the ceiling. In 1986, the first year of the Seventh 5-Year Plan, our province also did a fairly good family planning job with the natural growth rate kept below 9.5 per thousand.

Continuing, Governor Wang said: It should be clearly noted that the development of family planning work in the province as a whole has not been balanced and that population growth is out of control in some localities. He alerted the comrades at the conference to the fact that the birth rate will peak during the Seventh 5-Year Plan and that there were signs last year of a bounce-back in the number of births in our province. According to the principle of population reproduction cycles, our province has arrived at a crucial moment for its population control work. Therefore, he stressed that participants at the conference must unify their thinking and assure stability in policy. Governor Wang reiterated that our province's general apolicy for family for family planning work continues to call for late marriage, less frequent but eugenic births, one child per couple, and a planned and controlled arrangements for a second child for couples with real difficulties, but strictly bans any second or more births not called for by the plan. [passage omitted]

GRAIN PRICES REMAIN STABLE DESPITE SHORTAGES

OW190121 Beijing XINHUA in English 0047 GMT 19 Apr 87

[Text] Fuzhou, April 19 (XINHUA) -- Despite a history of shortages in the region, grain prices remain stable in free markets in Fujian Province, XINHUA learned today from the Provincial Food and Oil Trade Co.

The average cost of a kilogram of rice is about 0.8 yuan, said an official of the company, adding prices will not greatly fluctuate from now to July when the new harvest will appear on free markets. The province has a large stock of grain.

Located in east China, the province has a small cultivated area but a large population. Arable land amounts to about 0.05 hectare per person.

The province used to totally rely on rice imports until the founding of the New China in 1949 and was then supported by supply of 300 to 500 million kilograms of rice and wheat annually from neighbouring provinces.

Over the past two year, the province suffered a decrease in grain output and has suffered from a severe drought for the past 50 years. Because of this free market grain prices increased 13.3 percent due to a shortage of 2 billion kilograms of grain.

This spring, the grain reserve has increased month by month, the official said. So that the free market price will be controlled and people are not [going to] see sharp increases in grain prices.

This is a result of efforts made by the state and province. The central government allocated more than 900 million kilograms of grain at cost in 1986 while more than 7,100 state and collective-owned and private grain supply centers in the province purchased some 700 million kilograms at a negotiated price, 30 percent above cost. Meanwhile, state-owned grain supply centers imported more than 40 million kilograms of wheat.

In addition, the province grew more than 133,000 hectares of wheat, which is estimated to yield 260 million kilograms, an increase of some 60 million kilograms over that of 1986.

JIANGSU SECRETARY MEETS DEMOCRATIC PARTY OFFICIALS

OW171351 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 17 Apr 87

[Excerpt] The Jiangsu Provincial CPC Committee, at a meeting it sponsored yesterday afternoon, had full democratic consultations with leading members of democratic parties and mass organizations and representatives of personages without party affiliation on matters concerning the election of additional vice chairmen and Standing Committee members of the Fifth Jiangsu Provincial CPPCC Committee.

On behalf of the Jiangsu Provincial CPC Committee, Han Peixin and Sun Han, secretary and deputy secretary of the Jiangsu provincial party committee, heard the views of the non-CPC friends on those matters. During the meeting, which was chaired by Sun Han, Han Peixin explained the forthcoming fifth session of the Fifth Jiangsu Provincial CPPCC Committee, and the election of additional vice chairmen and standing committee members of the Jiangsu Provincial /PCC Committee. He also briefed the attendees on the candidates' background, and sincerely sought the attendees' views on the candidates. [passage omitted]

QIAN ZHONGHAN ATTENDS CPPCC SESSION IN NANJING

OW191407 Nanjing Jingsu Provincial Service in Mandarin 2200 GMT 18 Apr 87

[Excerpts] The 20th Session of the Fifth Jiangsu Provincial CPPCC Standing Committee was held in Nanjing on 17 and 18 April.

It was aimed mainly at making preparations for the convocation of the forthcoming fifth session of the fifth provincial CPPCC Committee and was presided over by Qian Zhonghan, chairman of the provincial CPPCC Committee. Attending the session were vice chairmen of the provincial CPPCC committee Luo Yunlai, Ding Guangxun, Deng Haoming, Gao Juefu, Zuo Ai, Chen Minzhi, Chen Suiheng, Cheng Bingwen, Du Ziwei and (Liu Binghan). [passage omitted]

The session adopted a draft agenda for the fifth session of the fifth provincial CPPCC Committee and examined and endorsed a report on the work of the Standing Committee of the fifth provincial CPPCC Committee and a report on handling of motions.

The session elected (Liu Biru) and (Chen Zhonglie) as additional member of the Fifth Provincial CPPCC Committee and endorsed the lists of candidates of vice chairmen and standing committee members to the fifth provincial CPPCC Committee. The session also accepted Wang Zhaoquan's resignation from his posts as a member, standing committee member, and vice chairman of the Fifth Jiangsu Provincial CPPCC Committee.

GU XIULIAN ATTENDS JIANGSU CONFERENCE ON TOURISM

OW191349 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 18 Apr 87

[Excerpt] The Jiangsu provincial conference on tourism was held in Nanjing from 16 to 18 April. Jiangsu's leading comrades Jiang Weiqing, Gu Xiulian, and Zhang Xuwu attended the conference and delivered speeches. They called on various relevant departments to promote tourism as follows:

1. It is necessary to raise our awareness and realize the significance of tourism in developing Jiangsu's economic situation as a whole. It is also essential to promote tourism as an important means to develop foreign trade, expand scientific and cultural exchanges, and accelerate economic development.

2. Efforts must be made to carry out reform in tourism, institute the manager responsibility system, and improve services and management.

3. It is imperative to give widespread publicity abroad to promote tourism.

The provincial company for tourism yesterday commended 33 collectives and 209 individuals for their outstanding achievements in promoting tourism. [passage omitted]

JIANGXI CIRCULAR WARNS OF PUBLIC FUND WASTE

OW191441 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 18 Apr 87

[Excerpts, The Discipline Inspection Committee of the Jiangxi Provincial CPC Committee issues a circular 13 April on checking the unhealthy trend of using public funds for feasting and sending gifts.

I. 21 Apr 87

O 4

PRC REGIONAL AFFAIRS
EAST REGION

The circular said: The Central Discipline Inspection Commission recently issued a circular on squelching the unhealthy tendency of using funds for feasting and sending gifts. [passage omitted]

The circular called on party organizations and discipline inspection organs at all levels to organize cadres and party members of their affiliated units to seriously study the circular by the Central Discipline Inspection Commission, understand its guidelines, enhance understanding, and seek ideological unity for resisting the malpractices of using public funds for feasting and sending gifts. [passage omitted]

The discipline inspection committees, and the finance, economic, and auditing departments at all levels must take effective measures for investigating typical misdeeds which involve use of public funds for feasting and sending gifts. [passage omitted] In handling the issue of using public funds for feasting and sending gifts, the party organization and discipline inspection organs at all levels must strictly abide by lines of demarcation in applying the policy as set forth in the circular by the Central Discipline Inspection Commission. While squelching the malpractices, attention must be paid to differentiating the different circumstances and adopt appropriate measures to deal with the situation.

SHANDONG HOLDS CPPCC STANDING COMMITTEE MEETING

SK170726 Jinan Shandong Provincial Service in Mandarin 2200 GMT 16 Apr 87

[Text] The 20th Standing Committee meeting of the 5th provincial CPPCC Committee opened in Jinan on the afternoon of 16 April. Major tasks of the meeting are to relay the guidelines of the fifth sessions of the Sixth NPC and National CPPCC Committee, examine preparations for the fifth session of the fifth provincial CPPCC Committee, and discuss and prepare the documents to be discussed at the fifth session of the fifth provincial CPPCC Committee.

Li Zichao, chairman of the provincial CPPCC Committee, presided over the meeting. Vice Chairman Zhou Xingfu relayed in four parts the guidelines of the Government Work Report delivered by Zhao Ziyang, premier of the State Council, and the work report of the sixth National CPPCC Committee's Standing Committee delivered by Fei Xiaotong, vice chairman of the National CPPCC Committee. He advanced opinions on implementing the guidelines of the fifth sessions of the sixth NPC and National CPPCC Committee and urged members to conscientiously study the documents of these two sessions, enhance their understanding, unify their thinking, give wide publicity to the documents in all areas of society, and implement the guidelines all their practical work.

He said: At present, we should contribute our ideas and efforts to the two major tasks set forth by Premier Zhao Ziyang. Meanwhile, CPPCC organizations at all levels should actively carry out their work, extensively unite with the people from various circles, and make contributions to the implementation of the principle of one country and two systems, the reunification of the motherland, and the revitalization of China.

Meeting Ends

SK180658 Jinan Shandong Provincial Service in Mandarin 2200 GMT 17 Apr 87

[Text] The 20th Standing Committee meeting of the fifth provincial CPPCC Committee ended in Jinan on the afternoon of 17 April.

The meeting decided to open the fifth session of the fifth provincial CPPCC Committee on 19 April in Jinan.

The meeting approved of the date and agenda which will be submitted to the fifth session of the fifth provincial CPPCC Committee for examination and approval; and adopted in principle the work report of the Standing Committee of the fifth provincial CPPCC Committee, the report on motions work of the provincial CPPCC Committee's motions examination committee since the fourth session of the fifth provincial CPPCC Committee, and the report on the historical accounts of past events delivered by the Historical Data Research Committee under the provincial CPPCC Committee. The meeting also endorsed the namelist of the Standing Committee members of the fifth session of the fifth provincial CPPCC Committee and the namelist of the conveners of various groups; and examined the preparatory work for the fifth session of the fifth provincial CPPCC Committee. The meeting unanimously elected (Miao Yongming) as an additional member of the fifth provincial CPPCC Committee.

Li Zichao, chairman of the provincial CPPCC Committee, presided over and addressed this meeting. He said: The preparations for the fifth session of the fifth provincial CPPCC Committee have been completed. The successful convocation of this session will play an important role in fully carrying forward socialist democracy, creating a democratic, united, harmonious and lively atmosphere, further consolidating and developing the province's patriotic and united front, maintaining political stability and unity, and promoting the development of reform and open policy and the building of the two civilizations.

RUI XINGWEN URGES GREATER LATERAL TIES

OW180741 Shanghai City Service in Mandarin 0000 GMT 17 Apr 87

[Excerpts] Rui Xingwen, secretary of the Shanghai municipal party committee, yesterday inspected and visited seven units, including some factories and stores with joint investment or jointly operated by Shanghai and other areas, as well as the (Gujianan) [words indistinct] Building, the Shanghai Union Mansion, and the (Labasi) [words indistinct] Building, which are under construction. Rui Xingwen expressed an important opinion on furthering Shanghai's lateral economic ties with other areas.

He said: Comrade Deng Xiaoping recently pointed out that China is not opening itself very wide or very much to the outside world and is doing an insufficient job in this regard. He said we should be more open, not only externally, but also on the domestic front. Premier Zhao also pointed to the need to open wider in his Government Work Report to the Fifth Session of the Sixth NPC. Therefore, Shanghai should strive to further develop by opening itself to the outside world and to other areas of our country and by conducting reforms.

Early yesterday morning Rui Xingwen went to the Jilin Ginseng and Antler Store on Xikang Road to acquaint himself with how this store is operated jointly by Shanghai and Jilin Province. After looking carefully at the various kinds of ginseng, including wild ginseng, he said with great delight: Jilin has good things to offer. [passage omitted]

Speaking to comrades responsible for preparatory work in the construction of a building for the Shanghai offices of various provinces, municipalities, and autonomous regions, Rui Xingwen said: Shanghai wants to thank you for the support you have given to its work of transformation and revitalization. Shanghai should also support other provinces and municipalities.

JIANGMEN FINANCIAL MARKET SEEN AS 'BRISK'

HK210651 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0705 GMT 16 Apr 87

[Text] Guangzhou, 16 Apr (ZHONGGUO XINWEN SHE) -- This year, Jiangmen City, Guangdong Province has opened businesses which deal in acceptance of commercial bills, discounts on promissory notes, exchange of bills, issuance of shares, bonds, and loans, and so on. The financial market here is becoming increasingly brisk. Jiangmen City is an experimental unit in the financial structural reform of Guangdong Province. Last year, a large number of enterprises in the urban areas of Jiangmen City as well as other localities like Xinhui, Kaiping, Taishan, Heshan, and so on began to employ patterns like issuing shares and bonds to directly raise funds from society. Last year, shares totaling over 27 million yuan and bonds worth over 81 million yuan were issued, which promoted the readjustment of production structures and development of tertiary industry and some burgeoning trades, in particular the development of trade in real estate.

All the counties under Jiangmen City have successively set up their own bill exchange offices. In October of last year, the urban areas of Jiangmen City and the two counties of Xinhui and Heshan formally introduced transregional business in bill exchange and clearance. From October of last year to January of this year, on average 1,628 transactions were made every day in the urban areas in Jiangmen City, involving a daily withdrawal amount of 26 million yuan. As delivery time for bills has been reduced by 1 or 2 days, the circulation of funds has been speeded up. According to predictions by the people concerned, enterprises can therefore save interest of about 480,000 yuan per year.

In August of last year, Jiangmen City also instituted the acceptance of commercial bills, allowing discounts and rediscounts on promissory bills, and so on. Up to the end of last year, the city had accepted a total of 206 commercial bills totaling over 72 million yuan, thus playing an active role in alleviating the distribution and the imbalance in the supply and demand of the credit funds of banks. Last year, the Jiangmen Branch of the People's Bank of China led all the other specialized banks in organizing a "Jiangmen Loan Center for the Financial System." In March of this year, Heshan and Kaiping also set up loan markets for the financial system at the county level to promote the accommodation of funds of every locality. At present, the loan center in Jiangmen City not only serves the city but also extends its services to Guangzhou, Shenzhen, Nanning, Wuhan, Shijiazhuang, and other places, thus creating favorable conditions for the development of economic combinations with all localities. In addition, last year the Jiangmen Branch of the People's Bank of China also introduced renminbi credit cards, postal savings, and so on. In February of this year, all counties under Jiangmen City also began clearing travelers' checks in Guangdong Province. Last year, the financial and theoretical circles of Jiangmen City set up a "Financial Society of Jiangmen City" to especially study issues concerning the financial reform.

GUANGXI CADRES CONVEY SPIRIT OF NPC SESSION

HK190139 Nanning Guangxi Regional Service in Mandarin 0930 GMT 18 Apr 87

[Excerpts] The regional People's Congress Standing Committee held a cadre meeting in the Nanning Theater this morning.

Wei Chunshu, a deputy to the NPC and chairman of the regional people's government, and Zhao Mingjian, vice chairman of the regional people's congress Standing Committee, conveyed the spirit of the Fifth Session of the Sixth NPC. Zhong Feng, deputy to the NPC and vice chairman of the region People's Congress Standing Committee, presided.

Wei Chunshu's speech was in two parts: 1) An outline of proceedings at the session; and 2) the main spirit of premier Zhao Ziyang's Government Work Report. Wei Chunshu said that the session was imbued with an atmosphere of democracy, unity, harmony, and liveliness, and was a great success. It aroused great attention both at home and abroad. [passage omitted]

He said: Premier Zhao Ziyang's reporter proposed the basic tasks facing the people of our country at present. These are, to concentrate efforts on two main tasks: 2) In the economic fields, to uphold the correct construction principles, launch an extensive drive to increase production and practice economy and increase revenue and cut spending, deepen the structural reforms, expand opening up to the world, and strive to ensure the sustained and steady development of the entire national economy. 2) In the political and ideological field, to carry out in-depth propaganda and education in upholding the four cardinal principles, resolutely oppose bourgeois liberalization, strengthen the building of spiritual civilization, and further consolidate and develop the political situation of stability and unity.

Wei Chunshu called on the government at all levels and the cadres and workers in all sectors and trades to seriously study and implement the spirit of this NPC session, seriously tackle the two main tasks proposed by Premier Zhao Ziyang, and do a thoroughly sound job in advancing all work. Zhao Mingjian focused on issues such as education, foreign trade, and prices. Present were Jin Baosheng, deputy secretary of the regional party committee; Huang Yun, chairman of the regional People's Congress Standing Committee, government, and CPPCC. Some 1,500 cadres of the region and of Nanning City and prefecture attended the gathering.

HUBEI STRESSES ORGANIZING STUDY OF 'TWO BOOKS'

HK210507 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 19 Apr 87

[Excerpts] In accordance with the spirit of the Central Propaganda Department's circular on organizing cadres at all levels to study the two books, namely, "Building Socialism With Chinese Characteristics" and "Uphold the Four Cardinal Principles and Oppose Bourgeois Liberalization," the Propaganda Department under the provincial party committee recently made the following concrete suggestions for theoretical education to be conducted this year for the whole province's at their ... The province Propaganda Department stressed: Successfully studying the two books is of great importance in achieving unity of thinking among the people, upholding the four cardinal principles, and resolutely waging sound and sustained struggle against bourgeois liberalization. All areas must attach major importance to studying these two books. [passage omitted]

Arrangements have been made for studying the two books from May to September. The study must be closely integrated with practice in opposing bourgeois liberalization and in promoting reform and construction. During the study, we must center on a number of important issues, integrate basic Marxist principles with the two books' basic viewpoints and important expositions, and deepen our theoretical understanding. The study hours can be organized by stages and can also be arranged in a relatively concentrated way. However, the whole study time must be not less than 10 days.

SICHUAN REPORTS CONTINUED ECONOMIC PROGRESS

HK170257 Chengdu Sichuan Provincial Service in Mandarin 2330 GMT 16 Apr 87

[Excerpts] The provincial statistics bureau held a press briefing on 16 April to announce the progress of the province's economy. The announcement said that the province's rural economy continued to liven up in the first quarter. Compared with last year, the sown area of wheat increased by 310,000 mu and that of rapeseed by 270,000 mu. Input in preparations for spring farming has increased. [passage omitted]

The number of pigs at the end of the quarter was 61.01 million. The number of pigs marketed during the quarter was 11.97 million, a rise of 130,000 compared with the same period last year. Total output of township and town enterprises during the quarter was 4.538 billion yuan, an increase of 62.3 percent over the same period last year.

Total industrial output value in Sichuan during the quarter was 11.264 billion yuan, a rise of 13.9 percent over the same period last year. The momentum of sustained increase was maintained. There was a big increase in output of consumer goods with a ready market. Production of goods that sell poorly was kept under control. Investment completed in capital construction during the quarter was 742 million yuan. Investment completed in upgrading and transformation was 480 million yuan.

XIZANG STUDIES, HOLDS FORUM ON WAN LI SPEECH

HK210251 Lhasa Xizang Regional Service in Mandarin 1300 GMT 16 Apr 87

[Excerpts] During his 30 March meeting with Xizang's deputies to the NPC and Xizang's members of the CPPCC National Committee, Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, gave a talk on behalf of the CPC Central Committee on the central guiding principles and policies regarding Xizang's work. After reading and listening to newspaper and radio reports on the talk, people of all nationalities in our region have been deeply touched and inspired by the talk.

On the afternoon of 15 April, the Propaganda Department under the autonomous regional party committee held a forum of responsible persons from region propaganda units to study the important talk given by Comrade Wan Li. (Zhu Xiaoming), deputy director of the Propaganda Department under the autonomous regional party committee, presided over the forum. [passage omitted]

Participants in the forum unanimously said: The talk given by Comrade Wan Li is of great importance in setting people's minds at rest, to freeing people from doubts and misgivings, to achieving a clear understanding of the situation and the unity of thinking, to consolidating and developing the political situation of stability and unity in our region, and to upholding the four cardinal principles and waging the struggle against bourgeois liberalization in a healthy and sustained way. [passage omitted] The participants said: We must continue to study and implement the CPC Central Committee guiding principles and policies in our own units and departments, strengthen ideological and political work, work hard and perseveringly, and strive to build a new Xizang that is united, civilized, and prosperous. [passage omitted]

BANQEN LAMA'S PRESS CONFERENCE ON XIZANG FUND

OW170335 Beijing XINHUA Domestic Service in Chinese 1405 GMT 16 Apr 87

[By reporter Ge Lai]

[Text] Beijing, 16 Apr (XINHUA) -- Banqen Erdini Qoigyil Gyancan and Ngawang Jigme, both chairmen of the Preparatory Committee of the Xizang Development Fund, held a press conference for Chinese and foreign reporters at the Xizang Hall of the Great Hall of the People this afternoon. They answered questions raised by reporters on the establishment of the fund, as well as on prospects for its development.

Banqen said: The Preparatory Committee of the Xizang Development Fund, established yesterday, is an unofficial, mass, nonprofit organization. Its task is to provide assistance for the development of Xizang Autonomous Region, helping its people reach affluence, civilization, and prosperity as soon as possible, and catch up with the level in advanced areas.

Ngapoi Ngawang Jigme said: Through activities to be sponsored by the fund, we shall evoke patriotism, love for the hometown, and sense of responsibility for the motherland, the nationality, and descendants from those Tibetan people residing abroad; help them eliminate misgivings in ideology, understand the truth, and make active contribution to promoting the development of construction projects in Xizang.

Banqen and Ngapoi introduced the reporters to the abundant resources in Xizang; its fascinating natural landscapes and culture; and the growing attention paid by more and more foreign friends, Hong Kong and Macao compatriots, and Overseas Chinese to this summer resort and tourist-attracting scenic spot. They said: We shall treat, in a friendly way, those who volunteer to assist the Tibetan people in their various construction projects regardless of their race, nationality, religious belief, or political viewpoint, as long as no political strings are attached. We shall warmly welcome them, express our appreciation in an appropriate manner, and take measures to have their names remembered.

HEBEI SECRETARY AT DISCIPLINE INSPECTION MEETING

SK200346 Shijiazhuang HEBEI RIBAO in Chinese 6 Apr 87 p 1

[Text] Leading comrades of the provincial party committee, including Xing Chongzhi, Xie Feng, Yue Qifeng, and Bai Shi, successively gave speeches at the provincial discipline inspection work conference on the afternoon of 5 April. In their speeches, they placed emphasis on strictly administering party affairs according to regulation as set forth in the party Constitution, straightening out party style, and enhancing the fighting power of party organizations.

Xing Chongzhi, secretary of the provincial party committee, said: Strictly administering party affairs is the fundamental issue related to strengthening the building of the party. So, we must persist in the principle of strictly administering party affairs both at present and in the future. Strict demands must be put on party organizations at all levels and each and every party member according to the party Constitution. Strict punishment must be imposed on persons and affairs that violate the party Constitution and party discipline.

We must grasp the following few tasks to ensure that party affairs are strictly administered. First, we should strictly observe the political discipline of the party. Party members and party organizations are required to ideologically and politically act in unison with the party Central Committee, to adhere to the four cardinal principles, and to resolutely and constantly wage the struggle against bourgeois liberalism. Party members and party organizations should strictly observe the organizational discipline of the party and resolutely carry out democratic centralism. In addition, party members and party organizations are required to strictly observe party discipline in other fields. Second, party organizations at all levels and each and every party member should persist in the principles of the party; fully understand the harmfulness of a loss of principles; enthusiastically go into action to substantially correct such unhealthy tendencies as interceding for somebody else, practicing favoritism, and bartering away party principles; and substantially practically strengthen their awareness of firmly implementing and safeguarding party principles. Third, we should carry forward democracy within the party and perfect the democratic system. Carrying forward democracy within the party is a key weapon to overcoming and resisting the current unhealthy practices of abusing one's power for selfish ends and seriously practicing bureaucracy. Fourth, we should strengthen education on party spirit. We should conduct education on party spirit with the key content of communist ideals, the purpose of serving the people, and strictly observing discipline in an effort to fundamentally enhance the vast number of party members' ability to resist various decadent ideas. Fifth, leading cadres should play an exemplary role in observing law and discipline and in resisting and correcting unhealthy practices, and should bravely grasp, manage, and face activities in violation of law and discipline, unhealthy practices, and evil trends. Sixth, we should link the building of the party with the enthusiastic development of economic and political restructuring, the strengthening of socialist spiritual civilization, and the facilitation of modernization through economic development. Xie Feng, deputy secretary of the provincial party committee and governor of the province, said: Discipline inspection departments should assume grave responsibility for realizing the fundamental improvement of party style. However, we must rely on the forces of the party to fulfill this work. Discipline inspection departments should master the ability to mobilize the entire party to grasp party style and should upgrade the ability to enable the entire party to grasp party style. Party members of government departments and economic fronts should upgrade their awareness of grasping party style, and should get rid of and guard against treating the correction of party style as conflicting with reform and their professional work.

Party members should consciously and initiatively grasp party style, should accept the supervision and inspection of discipline inspection departments, and should establish and perfect rules and regulations in light of the problems of party style existing in their own units. The overall situation in appointments and employment of cadres is good. However, unhealthy practices do exist in this regard. Although only some individuals engage in such unhealthy practices, this creates a bad impression among the masses and can easily bring about disunity within the party. So, from now on, we must be impartial and upright in appointing and employing cadres and must be sure to appoint people according to their political integrity and ability. There are, and will be, many difficulties in discipline inspection work. Thus, leaders at all levels should provide help for discipline inspection departments and strive to create good conditions for developing discipline inspection work. However, a matter of more importance is that discipline inspection cadres should enhance party spirit, upgrade their ability in handling professional work, and overcome the difficulties in their work.

On behalf of the provincial party committee, Yue Qifeng, deputy secretary of the provincial party committee, made a speech (excerpts of his speech will be dispatched separately.) Bai Shi, Standing Committee member of the provincial party committee and secretary of the provincial Discipline Inspection Commission, made a speech on the issues discussed at the conference.

HEBEI PEOPLE'S CONGRESS SESSION OPENS 19 APR

HK200151 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 19 Apr 87

[Summary from poor reception] The Fifth Session of the Sixth Hebei Provincial People's Congress opened in the 1 August Hall in Shijiazhuang on 19 April. Executive chairman Sun Guozhi declared the session open. Among those seated on the rostrum were provincial party and government leaders Xing Chongzhi, Xie Feng, Li Wenshan, and Lu Chuanzan.

Governor Xie Feng delivered a five-part government work report. In part one, he reviewed the work achievements of the past year and the existing problems. In part two, he spoke on the guiding ideas on economic work and the main targets for 1987. This year the province's industrial and agricultural output value should reach 72.5 billion yuan, a rise of 6.2 percent over last year. National income should reach 35.7 billion yuan, a rise of 5.8 percent. The natural population growth rate should be kept below 14 per 1,000;

In part three of his report, Xie Feng stressed that the province must do a good job in launching the drive to increase production and practice economy and increase revenue and cut spending, focused on improving economic results. In part four, Xie Feng spoke on carrying out economic structural reforms in depth, focused on invigorating the enterprises, especially the large and medium enterprises.

Xie Feng said: "Opening to the world is China's basic national policy, which will not change for a long time. We should take full advantage of Hebei's coastal position and quite good port facilities and strive for relatively great and rapid development of our foreign trade, importation of technology, and use of foreign investment."

In part five, Xie Feng dealt with developing science, technology, and education, and strengthening the building of socialist spiritual civilization.

The session also heard reports on the province's draft economic and social development plan for 1987 and on the final accounts for 1986 and the draft budget for 1987.

SHANXI MEETING DISCUSSES EXTERNAL PROPAGANDA WORK

HK190237 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 18 Apr 87

[Excerpts] A provincial conference on external propaganda work was held in Taiyuan from 14 to 18 April. The meeting conveyed the spirit of the national conference on external propaganda work. Zhang Weiqing, leader of the provincial party committee's external propaganda leadership group, delivered a report. Vice Governor Bai Qingcai reported on Shanxi's implementation of the open policy. The meeting summed up and exchanged experiences and formulated plans for external propaganda work.

The meeting called on the province to uphold the four cardinal principles, oppose bourgeois liberalization, closely integrate external propaganda with opening up to the world, further create a new situation in external propaganda work, and embark on a new road in this work.

While fully affirming the achievements in work, the meeting proposed that in the future it is necessary to simultaneously develop internal and external propaganda and assign external propaganda an important position. We should correctly and appropriately introduce to the outside world the mental outlook of the masses of Shanxi, their customs, and the province's strong points in natural resources. We must also be skilled in bringing in advanced and useful culture from the outside world, and step up friendship and cooperation with the world's peoples, to promote the four modernizations in Shanxi. [passage omitted]

The meeting held that external propaganda work should be led in a unified way by the external propaganda leadership groups of the provincial, prefectural, and city party committees. [passage omitted]

Responsible comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, and CPPCC including Li Ligong, Wang Senhao, Wang Jiangong, Zhao Yuting, Ma Guishu, Yang Mingbao, and (Li Yuming) attended the meeting on 18 April. Li Ligong made a speech. [passage omitted]

TIANJIN CPPCC COMMITTEE SESSION OPENS 20 APR

SK210315 Tianjin City Service in Mandarin 2230 GMT 20 Apr 87

[Excerpt] On the afternoon of 20 April, the Sixth Session of the Seventh Tianjin Municipal CPPCC Committee ceremoniously opened at the auditorium of the Tianjin Guesthouse. Present at the session were Chen Bing, chairman of the municipal CPPCC Committee; Xiao Yuan, Zhao Jinsheng, Zhou Ru, Huang Tifei, Huang Yusheng, Yang Tianshou, Yu Songting, Kang Tiejun, Chen Ruyu, and Liao Canhui, vice chairman of the municipal CPPCC Committee; Guo Jinhou, secretary general of the municipal CPPCC Committee; and some members of the municipal CPPCC Committee, 561 persons in total.

Attending the session to extend a warm congratulation were leaders of the municipal party and government organizations, including Li Ruihuan, Wu Zhen, Tan Shaowen, Nie Bichu, Yang Jingheng, Wang Xudong, Ji Zenghui, He Guomo, Zhang Dinghua, Zheng Guozhong, Hao Tianyi, Yang Huijie, Bai Hua, Yang Jianbai, Yao Jun, Lu Xuezheng, Zheng Wantong, and Huang Yanzhi. The session was presided over by Chairman Chen Bing. [passage omitted]

NEW SINO-FOREIGN JOINT VENTURES SET UP

OW180538 Beijing XINHUA in English 0531 GMT 18 Apr 87

[Text] Tianjin, April 18 (XINHUA) -- More and more Sino-foreign joint ventures in Tianjin City are developing into productive enterprises and exporters, the city Foreign Trade Commission told XINHUA today.

In the first three months of this year, another nine productive enterprises were jointly set up, an official of the commission said.

These enterprises with a total investment of 10.50 million U.S. dollars covered light industry, textile industry, construction material trade, machinery and electronics industries.

Of these enterprises five were Sino-Hong Kong joint ventures, two were Sino-Japanese joint ventures, one was Sino-French joint venture and the other was Sino-Swiss joint venture, the official said, adding this was the first joint venture with a foreign partner from Switzerland.

Seven enterprises were set up in the economic and technological development zone of the city.

Most of the products produced by these enterprises will be resold to their foreign partners, he said. Five enterprises will resell 50 percent of their products while four will resell more than 70 percent of their products.

According to statistics, 189 joint ventures have been set up in the city since 1979, involving a total investment of 500.13 million U.S. dollars. Of the total, Chinese investment made up 46.4 percent.

So far 96 joint ventures have gone into operation. The official said that foreign investors of these joint ventures came from 15 countries and regions.

Compared with 1986, Sino-foreign joint ventures increased by two, but investment decreased by 3 percent, he said.

HARBIN CITY SEEKS ADVICE FROM INTELLECTUALS

OW200633 Beijing XINHUA in English 0536 GMT 20 Apr 87

[Text] Harbin, April 20 (XINHUA) -- Some 114 leading intellectuals in this capital of Heilongjiang Province have been invited to help the city government make major decisions, according to an official in this capital city of Heilongjiang Province.

They form a special committee empowered to assess and study government plans and projects. "Without their assessment, the government will neither make final decisions nor approve plans and projects," the official said.

The move is to democratize the decision-making process which is now being stressed as part of an effort to develop China's socialist democracy, the official explained.

Previously, decisions were often made by officials without consulting people who had the special knowledge. "That's why mistakes occurred from time to time," the official said.

"But now, when a decision has to be made, we ask for assessment and evaluation from professors and scholars, who are often pleased to offer their opinions," he said.

Members of the committee have access to city government documents and other official literature. Officials often visit them in their home for advices.

Over the past eight months, the official said, they have participated in the feasibility studies of the city's overall socio-economic development plans and plans for economic development in 46 areas in the city.

They also examined the plans of three expensive construction projects, the official said, adding that the city government cancelled one and postponed another on the committee's advice.

QUAN SHUREN ATTENDS PARTY RECTIFICATION RALLY

SK170750 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 16 Apr 87

[Text] The provincial party committee held a summing-up and commendation rally with the participation of inspectors and liaison men for rural party rectification work in Shenyang on the morning of 16 April.

Attending the rally were Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary of the provincial party committee; Xu Shaofu, Chen Suzhi, and (Shang Zhi), deputy chiefs of the Party Rectification Guidance Group under the provincial party committee; Shang Wen, Standing Committee member of the provincial party committee; and Li Jun, chairman of the provincial Agricultural Committee.

On behalf of the provincial party committee and the Party Rectification Guidance Group under the provincial party committee, Comrade Chen Suzhi affirmed the achievements in rural party rectification work. She pointed out: So far, all cities and counties throughout the province have completely finished rural party rectification work, except that town and township enterprises and establishments of some counties under the jurisdiction of Dandong City and Panjin City are carrying out their village-level party rectification. Through party rectification, party members notably improved their political awareness and further brought into play their exemplary vanguard role, and the image of the party has been restored. Unhealthy practices were corrected through investigating and handling serious cases of discipline violation and abuse of power for selfish ends. We may say that the general rural party rectification situation is good. The province basically fulfilled the four basic tasks set forth in the CPC Central Committee's decision on party rectification and the four requirements set forth in the Central Party Rectification Guidance Committee's circular on arrangement of rural party rectification work. The smooth progress of rural party rectification was ensured and notable achievements were made in it. The inspectors and liaison men dispatched by the provincial party committee have done main work to assist the grass-roots party organizations in their work, successfully fulfilled the tasks assigned by the provincial party committee, and made notable achievements. Comrade Chen Suzhi urged inspectors and liaison men to work hard and to strive to make more achievements after returning to their units. Quan Shuren, secretary of the provincial party committee, made a speech on further strengthening the building of the party after the party rectification work. He said: The conclusion of village-level party rectification work indicates the basic fulfillment of the province's party rectification work. Cadres tempered themselves and accumulated experiences through the party rectification work over the past 3 years or so these experiences are valuable for continuing to achieve the building of the party in the future. Units participating in party rectification should appropriately analyze and sum up, in line with the spirit of seeking truth from facts, next-step tasks such as what problems they have solved and what achievements they have made in party rectification, what problems have not been solved yet, and what problems they failed to solve in the course of party rectification. He said: New changes have taken place in the content, methods, and systems of the work related to the building of the party in the new historical period. Party members are also confronted with new ideological problems. Although party rectification is completed, we should continue to strengthen the building of the party. All units should place the building of the party as a main item on the work agenda. Through summing up experiences, they should study the law on the building of party organizations in the new period, overcome the phenomenon in which the party does not administer party affairs, and apply the experiences in party rectification to the day-to-day work related to the building of the party. The rally commended 96 excellent inspectors and liaison men for rural party rectification dispatched by the organs under the provincial party committee.

LIAONING SEMINAR EXAMINES AGRICULTURAL RESERVE

SK201325 Shenyang LIAONING RIBAO in Chinese 6 Apr 87 p 1

[Excerpts] The insufficient development of agricultural reserve strength emerges as an obvious phenomenon in our province and should merit the attention of leading comrades at all levels. The time has come to inevitably improve this development. Enhancing the basic position of agriculture in the economic strategy, bringing into play the strong point in which our province has a large number of big cities and large industrial enterprises, and formulating the policy of "developing industrial production to make up for the shortage of agriculture" represents an issue toward which we should adopt a serious attitude and carry out earnest meditation. Conducting reforms in scientific research and popularizing scientific systems in order to turn traditional agriculture

into modern agriculture with a scientific and technological foundation represent a guiding strategy for reinforcing the reserve strength of agriculture. Bringing into play the enthusiasm of peasants and the productivity of farmland by deepening the drive to conduct reforms, which can be regarded as a way to increase investment in agriculture, will certainly constitute inexhaustible potential which can be tapped by the motive force cropping up among the party's policies. All of the aforementioned are the opinions expressed by a dozen experts, scholars, and agricultural workers at a seminar jointly sponsored by the provincial agricultural commission and LIAONING RIBAO on 31 March to discuss the issue of how to enhance the development of agricultural reserve strength in our province. The drive to conduct reforms has enabled the province's agricultural economy to take a gratifying leap forward. Now, the province's agriculture is striving to score a new increase on a foundation of a high starting point. There has emerged in various fields an insufficient reserve strength of agriculture which has resulted from ignorance in agricultural investment over the past few years. By citing many statistics which make us feel anxious, the participating experts proved that a relative decrease in agricultural investment has developed into an absolute decrease. Under circumstances in which the development of the national economy has set increasingly high demands for agriculture, the province's phenomenon in which the agricultural investment in capital construction is not suitable to the development of the situation has taken shape. The acreage reduction of arable land is astounding. During the 30-year period from 1956 to 1986, the province showed a decrease of 20 million mu of farmland and its yearly average decrease was 667,000 mu, which is equal to the farmland acreage of middle-sized and small counties. Its annual volume of per-mu fertilizer utilization decreased from 2,250 kg in 1984 to 1,500 kg in 1986. One-third of the farmland throughout the province is stubble, and its yearly decrease of organic matter in the soil is 2 per 10,000. The province's per-mu volume of fertilizer utilization is lower than the national standard of 15 kg. The number of agricultural technicians per 10,000 peasants is lower than the national average number of 1.6 persons. Problems cropping up in the construction of water conservancy works are most prominent. Investments in this regard during the implementation period of the Sixth 5-Year Plan showed a 125-million-yuan decrease over the figure of the Fifth 5-Year Plan. During the Sixth 5-Year Plan period, the province's cubic meters of earth and stone work, which were completed in the period, were only equal to 20 percent of those completed in the Fifth 5-Year Plan period. The acreage of farmland which was effectively irrigated showed a near 4-million-mu decrease over that of the Fifth 5-Year Plan period. Most of the water conservancy facilities throughout the province have been used over the past 20 or 30 years and have reached or almost reached the expiration date for utilization. Many facilities in the irrigated areas have also reached the utilization expiration date. The flood-prevention facilities along the trunk streams of the Liao R. have decreased from their 20-year withstanding capability in the past to a 7- or 8- year capability at present. Of 15 million mu of low land in the middle Liaoning, which is apt to be waterlogged, only 9 million mu of farmland can maintain their 10-year capability of draining off floodwater. All of these have indicated the insufficient reserve strength of agriculture in the province. Over the past 2 years, the province's consecutive output decrease of grain and its slump in the production of animal husbandry, cotton, tussah, reed, tobacco, and other cash crops have caused us to worry.

During the seminar, the participating experts, by integrating theories with the reality, offered the following constructive opinions, of which there are many ideas with greater referential and explorative value:

1. Efforts should be made to continuously enhance the strategic position of agriculture in the national economy as a whole, which is the key to reinforcing the reserve strength of agriculture. [passage omitted]

2. The state apparatus and local organs at all levels should take into consideration the task of formulating the policy of "developing industrial production to make up for the shortage of agriculture" in macroeconomic management. [passage omitted]
3. It is also necessary for us to take into consideration the task of "taking a small step each year" in investing money in agriculture. [passage omitted]
4. The task of "developing industrial production to make up for the shortage of agriculture" at all levels represents a long-term and effective policy which should be satisfactorily carried out for a long-period. [passage omitted]
5. Conducting reforms in agricultural scientific research, popularizing scientific systems, and accelerating the pace of applying new agricultural technologies in order to change traditional agriculture into modern agriculture represent a basic guarantee of reinforcing the reserve strength of agriculture. [passage omitted]

In addition, the participating experts also raised some penetrating opinions on the issue of how to further bring into play the enthusiasm of peasants in investing much money in agriculture by deepening the drive to conduct reforms and how to continuously increase the reserve growth of agriculture. [passage omitted]

LIAONING PROVINCE SETS UP JOINT VENTURES ABROAD

OW300823 Beijing XINHUA in English 0745 GMT 20 Apr 87

[Text] Shenyang, April 20 (XINHUA) -- Liaoning Province has set up 15 Sino-foreign joint ventures, involving about 8.05 million U.S. dollars in investment, abroad, said a local government official.

These are in Japan, Federal Germany, Thailand, Pakistan, Uganda and Mauritius, said Qi Fecheng at the Provincial Commission of Foreign Economic Relations and Trade, adding that the province furnished 48 percent of the total investment.

They cover beverages, fisheries, aquatic products processing, foodstuffs and industrial production.

The province has gained 660,000 U.S. dollars in profits and labor service income from nine operational joint ventures by the end of March this year.

In addition, the ventures have helped the province by introducing advanced technology and have also strengthened the province's relations with foreign countries, Qi added.

I. 21 Apr 87

C H I N A
PRC MEDIA ON TAIWAN AFFAIRS

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TAIWAN COMPATRIOTS TO DISCUSS PRC INVESTMENT

OW092046 Beijing XINHUA in English 1719 GMT 9 Apr 87

[Text] Shenzhen, April 9 (XINHUA) -- A group of Taiwan compatriots living overseas will come here before Sunday for talks on investment in China's mainland.

They will attend a three-day meeting of economic work organized by the All-China Federation of Taiwan Compatriots, according to Peng Tengyun, vice-chairman of the federation and member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Peng did not specify the number of these Taiwan compatriots to attend the meeting, their names or countries of residence. He also announced the establishment by the federation of the China Tongyuan Company to provide services for Taiwan compatriots who wish to invest in the mainland. "Tongyuan" means "of the same origin". Peng Tengyun himself will chair the board of directors.

Wishes Stated

OW162303 Beijing XINHUA Domestic Service in Chinese 0545 GMT 16 Apr 87

[By reporter Liao Changping]

[Excerpts] Shenzhen, 16 Apr (XINHUA) -- At a national economic work forum held by the All-China Federation of Taiwan Compatriots, which ended on 14 April, this reporter made the acquaintance of many Taiwan compatriots from the United States, Canada, the Philippines, Singapore, Thailand, Japan, and Taiwan, and was deeply touched by their patriotism. [passage omitted]

Mr. Yang Siliang has set up 20 light industrial factories in Guangdong and Guangxi since he started investing in the mainland in 1985. Realizing China needs foreign exchange to carry out the four modernizations drive, he plans to gear his 10 factories for export. [passage omitted]

Huang Maoxiong, a Taiwan compatriot from Hong Kong, who has already contracted with the Civil Aviation Administration of China for the air routes from Guilin to Hong Kong and from Hong Kong to Xian, was negotiating with Gansu Province at the forum about a joint venture for an endemic products company, and about opening a Duzhuang tourist route. Also at the forum, a Taiwan compatriot with Singapore nationality, acting as a middleman, expressed willingness to aid Nei Monggol with foreign funds of U.S. \$150 million to build and repair local railways. This project is now under negotiation. [passage omitted]

"Tongyuan company is truly a qualified 'matchmaker', providing us with favorable conditions and various services for investing in the mainland," said an overseas Taiwan compatriot, who had just concluded a joint venture negotiation on the mainland, about the China Tongyuan Company.

After some overseas Taiwan compatriots showing a willingness to explore the North American market for Chinese-made bicycles, the Tongyuan Company immediately sent for responsible persons of a Shanghai manufacturer who produces "Fenghuang" and "Yongjiu" brand bicycles to discuss the matter with them. Since a great deal of frozen rabbit meat and grown eels are needed by overseas Taiwan compatriots, the company also found sources of supply for them in Shanxi and Fujian Provinces, and assisted the two sides in signing a long-term contract.

CHU FU-SUNG ON ATTENDING INTERNATIONAL MEETINGS

OW191431 Taipei Domestic Service in Mandarin 2300 GMT 18 Apr 87

[Text] Foreign Minister Chu Fu-sung has said: In the future, our country will do its best to win its right to participate in all international meetings that concern our country. He said, regarding meetings whose participants include Chinese Communist personnel, our country will consider the situation first before deciding whether to attend or not. If we decide not to attend such meetings, we will ask our international friends attending them to safeguard and assert our rights.

Speaking at the Legislative Yuan on 18 April, Minister Chu Fu-sung also reiterated that our country will not withdraw from the Asian Development Bank. However, we will not attend any of its meetings before the issue of our country's name is fairly and reasonably settled. The Asian Development Bank will hold its annual meeting on 27 April. The Foreign Affairs Committee of the Legislative Yuan will also invite the foreign minister to make a report to the committee next Monday on our country's policy on the Asian Development Bank.

In addition, Minister Chu Fu-sung said: With regard to the recent armed invasion and occupation of the Peichiao Island in our country's Nansha Islands by the communist regime of Vietnam, the Foreign Ministry is consulting with the Defense Ministry on how to handle this problem.

MACAO, HONG KONG SOLUTIONS 'PRESSURE' TAIWAN

HK171101 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1041 GMT 16 Apr 87

[Report: "Taiwan Newspaper Thinks That With the Hong Kong and Macao Issues Being Resolved, Taiwan Is Facing 'Pressure' From Three Sides"]

[Text] Hong Kong, 16 Apr (ZHONGGUO TONGXUN SHE, -- Taiwan's LIEN HO PAO carries an editorial today saying that the solutions to the Hong Kong and Macao issues left over by history reached between the CPC and Britain and between the CPC and Portugal cannot be ignored or belittled. It also held that because of these solutions, Taiwan is under "pressure" from three aspects.

The editorial held that the first aspect is that with the solution of the Hong Kong and Macao issues, the CPC's "united front" work toward Taiwan will shift from the propaganda of the past to concrete actions. The second aspect is that the solutions to the Hong Kong and Macao issues are based on the principle of "one country, two systems." Since the existing economic and social systems in Taiwan are of the same type as those in Hong Kong and Macao, Taiwan has no reasons to reject solutions acceptable by Hong Kong and Macao. The third aspect is that since Taiwan has close ties with Hong Kong and Macao, the continued ties between Taiwan and Hong Kong and Macao after the issues of the latter's future are settled will naturally mean the beginning of exchanges between the two sides of the Taiwan Strait.

The editorial reminded the authorities that they should make haste to find various possible ways to "deal with" the new situation.

'SIGNALS FOR MORE COMMUNICATION' WITH PRC APPEAR

HK200800 Hong Kong HONGKONG STANDARD in English 20 Apr 87 p 5

[By Chen Wai-fong]

[Text] Amid China's recent calls for the reunification of Taiwan, signals for more communications across the strait have surfaced from the island republic.

Last Monday, a legislative member in Taiwan submitted a proposal to the Executive Yuan suggesting the establishment of meeting places for relatives from across the strait.

The proposal was made on the very day when Premier Zhao Ziyang and Portuguese Prime Minister Anibal Cavaco Silva signed in Beijing the Sino-Portuguese Joint Declaration on the Question of Macao.

Aside from the meeting places, special task forces and formal channels have also been suggested to facilitate the "long-awaited" and "intensifying" need of bringing together relatives who have been separated since 1949.

The proposal, however, is still under discussion.

The ruling Kuomintang (KMT) government prohibits inhabitants of the island republic from visiting China for whatever reasons.

But it is well known that a lot of Taiwanese enter the mainland for business and tourism through Hong Kong and other channels. And this has been tolerated so far.

According to a rough estimate, more than 10,000 people from Taiwan visit the mainland every year.

Besides simple visits, cultural and academic ones have been on the increase.

With the settlement of the Hong Kong and Macao issue, Taiwan remains the sole, yet most difficult and important item in China's agenda of reunification.

During the past month, Chinese leaders, including paramount leader Mr Deng Xiaoping, Premier Zhao Ziyang, Foreign Minister Mr Wu Xuqian have, on different occasions, highlighted the reunification of Taiwan.

Responding promptly to the situation is a notable editorial in Taiwan's UNITED DAILY -- one of the three principle dailies on the island republic.

The editorial on April 16 says that Taiwan is subject to pressures from three directions following the settlement of the Macao and Hong Kong issue:

China's strategies towards Taiwan will shift from propaganda to action; Taiwan has no reason to oppose the "one country, two systems" policy which has been adopted in the settlement of the Hong Kong and Macao issues since Taiwan is practising a similar social and economic system as these two territories; and, future communications between Taiwan and Hong Kong and Macao will lead to de facto communication across the strait.

In face of the new situation, the editorial urges the ruling Kuomintang government to adopt all possible means at its disposal to respond. In spite of its defensive stand, the editorial has brought to the surface issues the KMT government can no longer avoid.

Over the years, the KMT has been rejecting all communist overtures as "sugar-coated poison".

Mr Hu Fu, professor of politics at the National Taiwan University, reportedly said that the "one country, two systems" policy would not be accepted by the Taiwan people whatsoever in view of its impact on Taiwan's economy.

However, a KMT government official who declined to be identified has been quoted as saying that the policy could end military confrontation across the strait.

Opinions -- on the issue of reunification -- are divided even among the government and the KMT party itself. The young generation -- mostly in their forties, born and educated [as received] in Taiwan with no experience of communism -- in the KMT party are among those who hold a moderate stand toward establishing formal communications with the mainland.

And, Taiwan natives also opt for a different approach from people who come from other provinces. To them, the reform of the KMT is the top priority and they believe that whether Taiwan should communicate with China will depend on the economic development on the mainland, its degree of reform and openness.

Situations in Taiwan have changed rapidly over the years. The political scene, in particular, experienced unprecedented reforms when President Chiang Ching-kuo announced the agenda of political reforms last year and the forming of the opposition party afterwards.

Political analysts contend that the KMT government has been more responsive to the changes in the society and the people have become more vocal in expressing their wishes.

Mr Chang Chun-nan, a former Taiwan opposition activist who returned to China last year, said recently in Beijing that the Taiwan people would be playing leading roles in Taiwan's local politics.

The sentiment is also shared by some of the Taiwanese on the mainland. Like Mr Chang, some suggested that China should pay more attention to the people in the island republic since they would be a major force in Taiwan's future politics.

It might well be the moment for China to re-think its strategy towards reunification with Taiwan.

In his report to the National People's Congress last month, Premier Zhao Ziyang again pinpointed the KMT in his call for a peaceful reunification. "It is also our hope that the Kuomintang authorities in Taiwan will put the interests of the country and of the nation above everything else and take realistic measures for the great cause of China's peaceful reunification," Premier Zhao said.

It has been the desire of many of the veteran Chinese leaders, in particular, Mr Deng Xiaoping, to witness the complete reunification of China.

They are obviously pleased at the prompt conclusion of the Hong Kong and Macao talks, but Taiwan is still something on the horizon. More effort is awaited.

VII. WESTERN EUROPE DAILY REPORT

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VIII. SUB-SAHARAN AFRICA DAILY REPORT

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Cameroon

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